

The Rent Guidelines Board Housing NYC: Rents, Markets and Trends '97

October 1997

Board Members:

Chairman:

Edward Hochman

Public Members:

Paul Atanasio
Paula Dagen
Elissa Fitzig
Agustin Rivera

Owner Members:

Harold Lubell

Tenant Members:

David Pagan
Kenneth Rosenfeld

Staff Members:

Executive Director:

Douglas Hillstrom

Research Associates:

Ted Fields
Sharon Kuhn Greenberg
Andrew McLaughlin

Public Information:

Cecille Latty

Office Manager:

Leon Klein

Research Assistant:

Karen Destorel

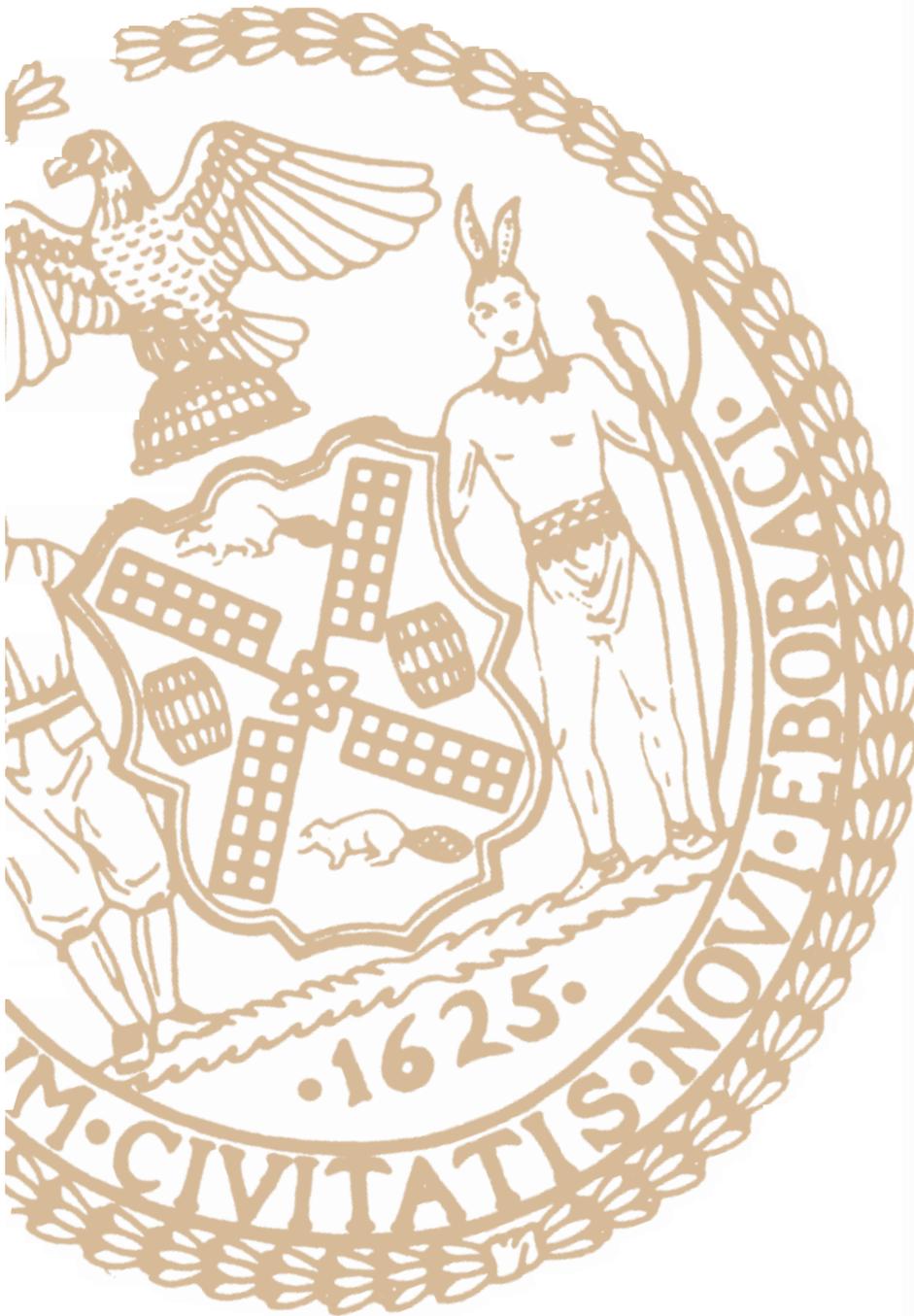


TABLE OF CONTENTS

Acknowledgments	5
Chairman's Letter.....	7

State of the New York City Rental Market '97

Introduction	17
Landlords' Operating and Maintenance Expenses	
Recent History	18
Near Term Outlook	19
Real Estate Taxes	19
Labor Costs	19
Contractor Services and Administrative Costs	19
Water/Sewer Costs.....	20
Rents	
Recent History	20
Future Outlook	21
Net Operating Income	22
Mortgage Financing.....	23

Income and Expense

Price Index of Operating Costs

Introduction	26
Price Index Components	28
Rent Stabilized Hotels	32
Rent Stabilized Lofts	32
1997-1998 PIOC Projections.....	32
Commensurate Rent Increase.....	36

Income and Expense Study

Local Law 63	38
Methodology.....	39
Cross-Sectional Study	
Rents	40
Operating Costs	41
Net Operating Income and Operating Cost Ratios	42
Non-Stabilized Buildings	43
Longitudinal Study	
Rents	45
Operating Costs	45
Net Operating Income and Operating Cost Ratios	47
Non-Stabilized Buildings	49
Conclusion	50

Mortgage Survey Report

Introduction.....	51
Survey Respondents.....	51
Cross-Sectional Study	
Financing Availability and Terms	52
Underwriting Criteria.....	53
Non-Performing Loans and Foreclosures	54
Characteristics of Rent Stabilized Buildings	55
Longitudinal Study	
Financing Availability and Terms	57
Lending Standards	57
Non-Performing and Delinquent Loans	58
Longitudinal Analysis.....	58

Income and Affordability

Income and Affordability Study

Introduction.....	60
Economic Conditions	60
New York City's Renters	
Income	62
Rent	62
Affordability of Rental Housing.....	62
Post-War vs. Pre-War Stabilized Tenants....	63
HVS Imputed Data	64
Housing Court Actions.....	65
Public Benefits	65

Housing Supply

Housing Supply Report

Introduction.....	70
NYC's Housing Inventory	70
Changes In the Housing Inventory	
New Additions.....	71
Tax Incentive Programs	72
Conversions and Subdivisions.....	73
Cooperative and Condominium Activity..	74
Rehabilitation	74
Tax-Delinquent Property.....	76
Demolition	77
Future Prospects for Housing Programs.....	77

APPENDICES

Appendix A: Guidelines Adopted by the Board

- A.1 Apartments & Lofts80
- A.2 Hotel Units.....80

Appendix B: Price Index of Operating Costs

- B.1 PIOC Sample, Number of Price Quotes per Item in the PIOC , 1996 vs. 199781
- B.2 Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Apartments, 1997.....82
- B.3 Price Relatives by Building Type, Apartments, 1997.....83
- B.4 Percentage Change in Real Estate Tax Sample by Borough and Source of Change, Apartments and Hotels, 1997.....84
- B.5 Tax Change by Borough and Community Board, Apartments, 199784
- B.6 Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Hotels, 1997.....85
- B.7 Price Relative by Hotel Type, 199786
- B.8 Expenditure Weights and Price Relatives, Lofts, 199787
- B.9 Changes in the Price Index of Operating Costs, Expenditure Weights and Price Relatives, Apartments, 1987-199788

Appendix C: Income & Expense Study

- C.1 Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (1995) per Apartment per Month by Building Size and Location, Structures Built Before 194790
- C.2 Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (1995) per Apartment per Month by Building Size and Location, Structures Built After 1946.....91
- C.3 Cross-Sectional Income and Expense Study: Estimated Average Rent and Income (1995) per Apartment per Month by Building Size and Location.....92
- C.4 Composition of Operating Costs in 1995 by Building Size and Age.....93
- C.5 Cross-Sectional Sample, 1995 RPIE Filings ...93

Appendix D: 1996 Housing and Vacancy Survey

- D.1 Occupancy Status94
- D.2 Economic Characteristics96
- D.3 Demographic Characteristics104
- D.4 Housing / Neighborhood Quality Characteristics108

Appendix E: Mortgage Survey Report

- E.1 Interest Rates and Terms for New and Refinanced Mortgages, 1997112
- E.2 Typical Characteristics of Rent Stabilized Buildings, 1997.....113
- E.3 Interest Rates and Terms for New Financing, Longitudinal Study114
- E.4 Interest Rates and Terms for Refinanced Loans, Longitudinal Study114
- E.5 Lending Standards and Relinquished Rental Income, Longitudinal Study115
- E.6 Interest Rates and Housing Permits, 1981-97.....115

Appendix F: Income and Affordability Study

- F.1 Average Payroll Employment by Industry for NYC, 1988-97 (Thousands)116
- F.2 Average Annual Employment Statistics by Area, 1988-97.....116
- F.3 Average Real Wage Rates by Industry for NYC, 1989-96 (1989 dollars).....117
- F.4 Average Nominal Wage Rates by Industry for NYC, 1989-96.....117
- F.5 Housing and Vacancy Survey Data, Rent-Stabilized Apartments, 1993 and 1996.....118
- F.6 Housing and Vacancy Survey Data, Renter Occupied Apartments, 1993 and 1996119
- F.7 Consumer Price Index for All Urban Consumers, New York-Northeast New Jersey, 1988-97119
- F.8 Housing Court Actions, 1983-96120

Appendix G: Housing Supply Report

- G.1 New Dwelling Units Completed in NYC, 1960-95121
- G.2 Permits Issued for Housing Units in New York City, 1960-97122
- G.3 Number of Residential Co-op and Condominium Plans Accepted for Filing by the Attorney General's Office, 1994-96.....123
- G.4 Number of Units In Co-op and Condominium Plans Accepted for Filing by the Attorney General's Office, 1981-96.....123
- G.5 Tax Incentive Programs.....124
- G.6 Tax Incentive Programs - Units Receiving Initial Benefits, 1981-1996.....124
- G.7 City-Owned Properties, 1985-1997.....125
- G.8 Residential Demolitions in New York City, 1985-1996.....125

Acknowledgments

Housing New York City: Rents, Markets and Trends '97 contains the primary research reports produced by the staff of the Rent Guidelines Board (RGB) during the 1997 guideline season. These annual reports are used by the Board to establish rent adjustments for New York City's one million rent-stabilized apartments. This compilation results from a collaborative effort of the research staff who collect, analyze and synthesize all necessary data for each report. Though these reports are produced entirely "in house", our research efforts would not be possible without assistance from many others.

The Price Index of Operating Costs for Rent Stabilized Apartments (PIOC) is the most intensive project, requiring hundreds of RGB staff hours throughout the year to complete. For six years, coordination of the PIOC has been in the able hands of Andrew McLaughlin. Andrew also oversees the vendor and owner surveys, two vital aspects of the index which require gathering thousands of price quotes. He managed the temporary PIOC staff with his usual skill and efficiency.

All RGB staff members contributed to the completion of the PIOC in some form. Karen Destorel gathered data on fuel costs, Andrew McLaughlin assembled the utilities and fuel cost data, Ted Fields computed the PIOC price projection for 1998, and Doug Hillstrom calculated the change in real estate taxes and water/sewer rates. Sharon Kuhn Greenberg proof-read the report and examined the detailed appendices with a keen eye.

Our many thanks to the PIOC temporary workers who gathered the thousands of necessary price quotes in five short weeks. Shirley Alexander has supervised the temporary staff for three of her four years working on the PIOC. This year, she was aided by Kerry-Ann McLean, Ninette Ferrell, and Shani-lee Dean who diligently completed all that was asked of them. Leon Klein, RGB's Office Manager, also pitched in to gather some final quotes. We express our appreciation to the myriad vendors who supplied requested information, to Douglas Layne and Lenny Linder of the Department of Finance for their assistance with the PIOC projections, and to the Public Service Commission.

Though the PIOC is the largest of the RGB's annual responsibilities, it is by no means our only research product. All additional staff reports were improved in one way or another this year. Sharon Kuhn Greenberg expanded the list of mortgage lenders and coaxed responses from a record twenty-eight institutions. Thanks to all lenders who analyzed their portfolios and responded to our survey. For the first time, Ted Fields analyzed income and expense data for non-stabilized buildings and compared them with the stabilized stock in the Income and Expense Study. Our thanks to the Department of Finance's Barry Duchin and Anita Mullin for amassing income and expenses for non-stabilized buildings this year in addition to data for stabilized buildings.

The RGB staff spends countless hours preparing its research compilation for printing. Andrew McLaughlin formatted all reports and designed the cover, Karen Destorel put together the appendices from the 1996 HVS, and we all shared in scrutinizing text and numbers for accuracy.

Finally, we wish to thank the following: the Department of Housing Preservation and Development from which we received data on tax benefits and City-owned properties, Art Shulman of the Division of Housing and Community Renewal, the U.S. Census Bureau which takes on the enormous task of producing the triennial Housing and Vacancy Survey, the Department of Finance for Real Estate Tax Data, and the City's Department of Environmental Protection for water/sewer billing data.

We also secured necessary information from the following government agencies at the national level: the Census Bureau's Manufacturing and Construction Division, the Bureau of Labor Statistics, and the Federal Deposit Insurance Corporation. Additional sources include at the state level, the Attorney General's Office and the Department of Labor's Research and Statistics Division. Sources at the New York City level include the Department of Buildings, the Mayor's Office of Operations, the Office of Management and Budget, the Comptroller's Office, and the clerk's office at Housing Court.

Two disclaimers must be made regarding this report. First, this volume includes only RGB staff research. The Board was also provided with a wide variety of additional information, including written submissions and oral testimony from building owners, tenants, housing scholars, public officials, and other interested parties. Although this book does include a summary of the Board's guidelines for 1997-98 in the appendices, it is not intended as an explanation of these guidelines. Those who are interested in such a discussion should consult the Board's explanatory statements which are issued in conjunction with this year's orders.

Douglas Hillstrom
Executive Director

Chairman's Letter

Introduction

For the third time in four years, the RGB enacted guidelines of 2% for a one-year lease and 4% for a two-year lease. While the RGB considered its usual panoply of mandated and discretionary factors, these guidelines largely reflect the nation's and New York metropolitan area's low inflationary cycle.

In 1996/97, however, the issue that dominated housing policy was the New York State Legislature's ultimate renewal -- in places in distinctly altered form -- of the state's overall rent regulation scheme which had been scheduled to expire. Sadly, despite the desperate need for a massive overhaul of this scheme, the Legislature largely disgraced itself and, in the opinion of this writer, took an archaic and often self-defeating system and made it worse.

Editorial, Academic and Political Posturing

In December, 1996, with the rent regulation battle looming (the laws were set to expire on June 15th), the state Senate Majority Leader, Joseph Bruno, announced at a luncheon sponsored by the Rent Stabilization Association that in his opinion, rent control was an archaic, regressive, counter-productive policy that long had outlived whatever purpose it was intended to have (it had been instituted as an emergency "temporary" measure during World War Two). After further opining that rent laws were actually damaging the New York City housing stock by deterring new construction, leading to the abandonment of existing marginal stock and generally leading to a gross misallocation of resources, Senator Bruno announced that he would seek to "end rent controls as we know them."

Thereafter, virtually without exception, every major newspaper, economist and housing expert argued for the drastic reform, curtailment and, in many instances, outright elimination of rent regulation. These advocates included the editorial boards of the New York Times, Daily News, New York Post, Wall Street Journal and Newsday, the five major dailies who cover New York City in detail.

Conversely, given that 2,500,000 New York City residents are protected to some degree by rent regulation, it was not surprising that virtually all city politicians (except for a scattering who represent "outer borough" districts comprised largely of single family homes) exhibited ovine unity in bleating their opposition to any significant reform of these laws.

Suggested Reforms

Given that the NYC Rent Guidelines Board's decision affects 95% of all rent regulated tenants in the state, while Albany was debating whether to renew these laws (and if so, in what form), the undersigned was asked his opinion of (among other issues):

- (1) Decontrolling apartments upon vacancy;
- (2) So-called "deposit into court," which would require tenants in housing court disputes to deposit their otherwise due rents into court-controlled escrow accounts;
- (3) "Luxury decontrol," which would curtail rent protections for "wealthy" tenants;
- (4) "Rights of succession," whereby (under certain circumstances) a tenant could pass his/her apartment down to a child, grandchild, niece, cousin, etc.
- (5) Succoring small, non-Manhattan-based, buildings which especially are vulnerable to economic distress and abandonment;
- (6) Ending illegal sublets;
- (7) Enacting so-called "statutory leases";
- (8) Providing for better enforcement of housing regulations;
- (9) Reforming the "Single Room Occupancy" housing quagmire; and
- (10) Providing incentives to spur private sector construction of "affordable housing" (whatever that ill-defined, politically-charged term is intended to connote).

In virtually all instances, the Legislature displayed little more than policy myopia fueled by political fears, and thus either (i) failed to make any meaningful reforms, or else (ii) made a bad policy even worse.

(1) "Vacancy Decontrol"

For virtually the entire life of modern rent controls, the law has provided for an extra allowance to be built into a unit's base rent whenever that apartment became vacant. Landlords contend that since such allowances hurt no tenant in place, while furthering the legislative intent to someday move to a free market, such allowances should be generous. Tenants counter by stating that since landlords received RGB-authorized increases each year, any allowance upon vacancy is an unfair "windfall" which can't be justified in such an extremely tight housing market.

The undersigned outlined to various legislative leaders the five basic approaches to vacancies, and emphasized that of those options, the current approach was the worst. Needless to say, the ultimate law not only retained this worst approach, but made it worse still.

The five basic policy approaches for vacant apartments are:

- (i) complete decontrol allowing the unit to rent at "market";
- (ii) "decontrol/recontrol," thus allowing a unit to rent at market, but thereafter affording the new tenant rent protections to insure he/she won't be gouged yearly;
- (iii) a set, statutory allowance: e.g. "20% upon vacancy";
- (iv) empowering a rent board, such as the RGB, to set a yearly vacancy allowance, usually in a totally arbitrary, politically-charged, near-anarchical environment;
- (v) allowing for no vacancy allowance at all.

The undersigned personally favored "decontrol/recontrol", which would have the added benefit of allowing the vastly overburdened NYS Division of Housing and Community Renewal (DHCR) to avoid having to adjudicate thousands of "legitimate rent" challenges. Alternatively, the undersigned advocated a simple, flat, easy to understand, easy to calculate, statutory allowance.

In its wisdom, the Legislature enacted an unfathomable hybrid of (iii) and (iv). The resulting statutory language for determining a vacancy allowance is thus:

THE PREVIOUS LEGAL REGULATED RENT FOR SUCH HOUSING ACCOMMODATION SHALL BE INCREASED BY THE FOLLOWING: (I) IF THE VACANCY LEASE IS FOR A TERM OF TWO YEARS, TWENTY PERCENT OF THE PREVIOUS LEGAL REGULATED RENT; OR (II) IF THE VACANCY LEASE IS FOR A TERM OF ONE YEAR THE INCREASE SHALL BE TWENTY PERCENT OF THE PREVIOUS LEGAL REGULATED RENT LESS AN AMOUNT EQUAL TO THE DIFFERENCE BETWEEN (A) THE TWO YEAR RENEWAL LEASE GUIDELINE PROMULGATED BY THE GUIDELINES BOARD OF THE CITY OF NEW YORK APPLIED TO THE PREVIOUS LEGAL REGULATED RENT AND (B) THE ONE YEAR RENEWAL LEASE GUIDELINE PROMULGATED BY THE GUIDELINES BOARD OF THE CITY OF NEW YORK APPLIED TO THE PREVIOUS LEGAL REGULATED RENT. IN ADDITION, IF THE LEGAL REGULATED RENT WAS NOT INCREASED WITH RESPECT TO SUCH HOUSING ACCOMMODATION BY A PERMANENT VACANCY ALLOWANCE WITHIN EIGHT YEARS PRIOR TO A VACANCY LEASE EXECUTED ON OR AFTER THE EFFECTIVE DATE OF THIS PARAGRAPH, THE LEGAL REGULATED RENT MAY BE FURTHER INCREASED BY AN AMOUNT EQUAL TO THE PRODUCT RESULTING FROM MULTIPLYING SUCH PREVIOUS LEGAL REGULATED RENT BY SIX-TENTHS OF ONE PERCENT AND FURTHER MULTIPLYING THE AMOUNT OF RENT INCREASE RESULTING THEREFROM BY THE GREATER OF (A) THE NUMBER OF YEARS SINCE THE IMPOSITION OF THE LAST PERMANENT VACANCY ALLOWANCE, OR (B) IF THE RENT WAS NOT INCREASED BY A PERMANENT VACANCY ALLOWANCE SINCE THE HOUSING ACCOMMODATION BECAME SUBJECT TO THIS CHAPTER, THE NUMBER OF YEARS THAT SUCH HOUSING ACCOMMODATION HAS BEEN SUBJECT TO THIS CHAPTER. PROVIDED THAT IF THE PREVIOUS LEGAL REGULATED RENT WAS LESS THAN THREE HUNDRED DOLLARS THE TOTAL INCREASE SHALL BE AS CALCULATED ABOVE PLUS ONE HUNDRED DOLLARS PER MONTH. PROVIDED, FURTHER, THAT IF THE PREVIOUS LEGAL REGULATED RENT WAS AT LEAST THREE HUNDRED DOLLARS AND NO MORE THAN FIVE HUNDRED DOLLARS IN NO EVENT SHALL THE TOTAL INCREASE PURSUANT TO THIS PARAGRAPH BE LESS THAN ONE HUNDRED DOLLARS PER

MONTH. SUCH INCREASE SHALL BE IN LIEU OF ANY ALLOWANCE AUTHORIZED FOR THE ONE OR TWO YEAR RENEWAL COMPONENT THEREOF, BUT SHALL BE IN ADDITION TO ANY OTHER INCREASES AUTHORIZED PURSUANT TO THIS CHAPTER INCLUDING AN ADJUSTMENT BASED UPON A MAJOR CAPITAL IMPROVEMENT, OR A SUBSTANTIAL MODIFICATION OR INCREASE OF DWELLING SPACE OR SERVICES, OR INSTALLATION OF NEW EQUIPMENT OR IMPROVEMENTS OR NEW FURNITURE OR FURNISHINGS PROVIDED IN OR TO THE HOUSING ACCOMMODATION PURSUANT TO THIS SECTION.

If for no other reason, the counsel who drafted this language and the legislators who approved it should be ashamed of themselves.

(2) "Deposit Into Court"

Given the disparate needs of wealthy and poor tenants, and especially in light of the great amount of political capital that was spent protecting wealthy tenants, the following issue -- regardless of its merits -- certainly undercut contentions by Democratic legislators that they were especially concerned with the plight of poorer tenants.

"Deposit into court," which theoretically was available prior to this law, resulted from a simple, indisputable fact. Too often, tenants (some in truly dire straights; others con artists who know how to use the "system") would find themselves as defendants in a Housing Court action, often for non-payment of rent. Through the seemingly inexhaustible panoply of legal maneuvers that were available, these tenants were (i) able to drag out their cases for up to one or two years, while (ii) not paying rent to their landlords.

At the end of this "Bleak House-esque" litigation, even if the landlord prevailed, the tenant simply would abscond, thus depriving the landlord of months, if not years, of rent on that unit. While even large landlords were hurt by this practice, it often was a critical factor in causing many smaller, marginal buildings to become economically distressed, if not abandoned. (In castigating Housing Court, many owners of small buildings have stated at RGB hearings that they might be able to survive, even prosper, if they just could collect all the rents to which they legally were entitled.)

Thus, the point of mandatory "deposit into court" was to end any discretion that allegedly sympathetic housing court judges might have for tenants by requiring tenants to pay their monthly rent not to their landlords, but into a court administered escrow account. Failure to pay the rent will result in a tenant's Housing Court claims being dismissed and that tenant being evicted for non-payment.

Tenants counter that "deposit into court" is unconstitutional and have challenged it as an undue curtailment of a tenant's right to trial. To date, such appeals have been unpromising.

Tenants also counter that regardless of the constitutionality, the law is unfair and bad public policy. They note, as example, that if a financially pressed tenant believes he/she is being charged an illegally high rent, that tenant still must deposit his/her rent into escrow or else risk being evicted. Tenant advocates argue that some portion of tenants in this situation may end up losing their units because they cannot afford to deposit the allegedly illegally high rents into court.

Perhaps there should have been a "safety valve" provision to allow tenants in the above-described situation to withhold part of their rent, but no doubt it would have required an ungainly and awkward procedure. Still, "deposit into court" largely resulted from perceived abuses in the deservedly maligned Housing Court system.

Ironically, though, "deposit into court" may prove to be of limited assistance to small landlords, who need it most. Larger, wealthier landlords usually are computerized and readily can spot delinquent tenants. Coupled with the ability to hire legal counsel, these larger, wealthier landlords can act expeditiously to enforce their "deposit into court" rights.

Conversely, smaller, poorer landlords are more likely to have poorer tenants with whom they interact on a personal level. Such landlords also are less able to afford legal counsel. Thus, it is not unlikely that such landlords often will choose to "carry" a non-paying tenant for some time in hopes that the tenant may be able to pay "once he gets on his feet," thus avoiding both personal confrontation and legal costs. Unfortunately, this approach also makes smaller landlords more vulnerable to collection losses.

As for the cost of legal counsel, tenant advocates often note that 90% of tenants appear in Housing Court without counsel.

(3) "Luxury Decontrol"

Of all the contentious issues, perhaps none better exemplified "sound and fury, signifying nothing" than so-called "luxury decontrol." Staunch advocates of rent regulation regularly decry any "means testing" to determine eligibility for rent protection, and instead claim that if such protections are needed, they should be enjoyed by all tenants, regardless of income. This would include Bill Gates or any Rockefeller.

Others claim that while rent regulation is necessary to protect middle and lower class tenants, wealthier tenants are able to pay what would be closer to "free market" rents and thus should be able to do so. (The more fanatical advocates on both sides often split hairs over such semantics as "free" market versus "fair" market. Most others, though, avoid such silliness.)

In 1993, in what tenants feared would be the first step down a slippery slope, the Legislature removed rent protections from tenants who (1) made more than \$250,000 for two consecutive years, and (ii) lived in units renting for over – repeat, *over* – \$2,000 per month. Thus, if a tenant made \$500,000 per year, but paid \$1,500 for her unit, she remained protected. If, however, a second tenant made \$300,000 per year, but paid over \$2,000 per month, the landlord could increase the second tenant's rent to market rates.

Calls for "luxury decontrol" regularly were sparked by sensational tabloid stories of movie stars and millionaires paying pittances for glamorous Central Park apartments. Eventually, actress Mia Farrow became the poster girl for such stories when it was revealed that she paid \$1,000 or \$1,200 per month for a ten or eleven room apartment overlooking Central Park. When the unit was decontrolled, Farrow moved out and the new tenant reportedly paid – happily – \$8,500 for the same unit.

It is difficult to justify rent protections for the "wealthy," but that term is difficult to define by New York standards, where even those making eighty thousand a year often can struggle. Still, after months of highly-publicized haggling, and with so many far more critically important issues crying for resolution, the Legislature unfathomably kept the inane "units over \$2,000" requirement, and lowered the threshold earnings limit from \$250,000 to \$175,000.

The RGB calculated that in a city with approximately 1 million rent-regulated tenants, this change would affect 2,699 apartments.

Categorically, the people of this state would have been far better served had the Legislature spent its energies less in trying to protect people who make at least \$15,000 to \$20,000 per month, and more in trying to figure out how to protect low income tenants from eviction while insuring that smaller, poorer landlords aren't forced to abandon their properties.

(4) Rights of Succession

"The road to hell being paved with good intentions," one of the more abused areas of the rent-regulated housing stock concerns the "right of succession." As envisioned, this provision insured that a family would not lose its lifelong home if, for instance, a parent died. Instead, it has grown into a much-abused monster whereby nieces, grandchildren, cousins and the like will claim residence with, e.g., an elderly relative in a desirable rent-regulated unit so that when that elderly relative passes away (or perhaps retires and moves on), the distant relative who otherwise had no real connection with that unit could succeed to that apartment at the same regulated rent level.

This issue regularly was offered by landlords as an example of a regulatory scheme run amok. Given the seemingly obvious need for reform, the debate was surprisingly bitter, being inflamed at times by suggestions that gay and lesbian roommates be denied succession rights upon the deaths of their lovers.

Eventually, the Legislature made one of its few reasonable reforms by limiting succession rights (i) to a limited, well-defined list of closely-related relatives, and (ii) for only one generation. (That is, the new law prevents the grandparent from being succeeded in the unit by the parent who then is succeeded by the grandchild who is succeeded by the great-grandchild, etc.)

During these debates, an interesting issue was posed, but left unanswered. Under regular probate law, the value of a parent's home is included in the parent's estate, especially for estate tax purposes. If a rent-regulated parent essentially "bequeaths" a rent-regulated unit to a child, shouldn't that child have to pay a premium/tax to the city/state, which otherwise would profit from the greater real estate taxes that the unit would generate if its rent were allowed to rise closer to market?

Given the other pressing issues, this proved too esoteric for consideration.

(5) Succoring Small Buildings

Several years ago, the RGB authored a compelling study which produced a profile of buildings likely to be abandoned. (This and another RGB study helped spur a dramatic revamping of New York City's entire *in rem* housing policy.) Not surprisingly, the study found that the buildings most vulnerable were smaller, older and in economically marginal neighborhoods. The RGB then proceeded to step gingerly through a political minefield and suggest changes to help combat this abandonment, which was becoming rampant during the economic downturn of the early 1990s.

One simple measure, though hardly a panacea, would have been to raise the building size at which rent regulation triggers (this is a general, but not an all encompassing law) from the arbitrary level of six units to an equally arbitrary level of sixteen units. (Sixteen was chosen only because it was the mean level of the profile of the buildings likely to become distressed. Otherwise, there is no compelling importance to that number.)

The thought was that raising this limit might help the owners of smaller buildings (outside Manhattan especially) to avoid much of the administrative headache of trying to comply with the numbing amount of paperwork required of rent-regulated units. These owners often are foreign-born and lack the language skills to wend their way through the complex language and arcane requirements. They also are too poor to be able to afford regular legal and accounting assistance.

Critics noted that tenants in small buildings in Manhattan south of 96th Street would be subject to allegedly sharp increases given that they often lived in highly desirable units (e.g. in the West 70s and 80s, and in Greenwich Village) that were renting for well below market value.

The merits and demerits of this proposal, though, never were fleshed out as the Legislature apparently did not deem it a priority to succor the universe of small, often beleaguered buildings, even though such units are critical to New York City's housing stock.

(6) Ending Illegal Subletting

Even tenant advocates publicly supported cracking down on illegal sublets because they realize that in a vastly encompassing, often bitterly disputatious rent-regulatory scheme, illegal subletting undercuts the legitimacy of pro-regulation arguments, thereby endangering public support for the entire scheme.

Illegal subletting hurts landlords who are entitled to legitimate increases (such as vacancy allowances), makes petty criminals out of unsuspecting subtenants (some, like the undersigned, moved to New York City as subtenants not knowing that the representations of the prime tenant were false and that as an unauthorized subtenant, he was in violation of the law), and deprives legitimate renters of the opportunity to lease these units in their own names.

One proposal to combat this practice included an "amnesty" whereby a subtenant simply could become the prime tenant by (i) advising the landlord of his/her subtenancy; and (ii) thereafter paying a "super vacancy allowance" (20% was suggested when the RGB-authorized regular vacancy allowance was 9%). These and other such proposals received no consideration at all, and thus this pesky issue remains unresolved.

(7) Statutory Leases

During these debates, Vito Lopez of Brooklyn, the Assembly Housing Committee Chair, suggested (as have others) that tenants should be granted what essentially were "statutory leases." That is, tenants rights largely would be established by statute and case law, and would not rest upon the traditional written lease.

(Given the development of Housing Court case law over the past quarter-century, many argue that "statutory leases" de facto are in effect, but this is somewhat of an exaggeration.)

Assemblyman Lopez raised this issue at a juncture when, given Senator Bruno's adamant stance, it appeared that "vacancy decontrol" would result. Various parties thus suggested that (i) two-year leases be abolished, and one-year "statutory" leases be substituted; (ii) all leases begin on the same day (e.g. October 1st); and (iii) if an existing rent-regulated lease expired prior to October 1st, the landlord would carry that tenant at the prior rent until October 1st. (That is, if a tenant's lease expired e.g. on April 1st, the landlord would continue the tenant's lease at the old rent until October 1st, when the new lease would begin.)

Given that new leases seemed destined to be decontrolled (due to Senator Bruno's stance), this proposal had the following benefits. First, the RGB would not have to set two-year lease adjustments which, frankly, often are little more than good-faith guess work given the vagaries of winter weather, Gulf War oil price shocks, water rate increases, tax policies etc.

Second, tenants would know that as long as they remained law abiding, they would be protected from eviction or unjust rent raises for as long as they occupied that unit.

Third, landlords would be relieved of the burdensome, somewhat technical requirement of sending out renewal leases.

Fourth, the state Division of Housing and Community Renewal would enjoy administrative relief from much of its paperwork duties.

Fifth, the number of Housing Court disputes regarding whether a landlord timely sent a renewal lease and/or whether a tenant timely signed and returned it would plummet.

Sixth, perhaps at most a simple post card would have to be sent notifying tenants of their new rent. (e.g. "Your rent has been \$500. The NYC Rent Guidelines Board has approved an increase of 5%. Therefore, starting October 1st, your rent will be \$525.") This would save landlords the enormous administrative cost of calculating one- and two-year leases, preparing the same and sending them out by certified mail.

Indeed, even if vacancy decontrol had not been proposed (and it certainly was not enacted), this proposal still might have been workable. Moreover, while lawyers and accountants who specialize in rent regulatory matters might have been unhappy with such a law, everyone else seemingly would have benefitted.

True to form, though, the Legislature never seriously considered it.

(8) Better Enforcement of Housing Regulations

This ongoing concern involved at least two distinct considerations. First, how can better enforcement of housing code regulations be improved, especially since in a tight housing market, unscrupulous landlords might seek to avoid their legally mandated responsibilities because they know some tenant will rent the space "anyway."

Secondly, and especially with regard to the debate in Albany, if a "generous" vacancy allowance were enacted, what measures should be enacted as well to combat fears that such generous allowance will encourage venal landlords to harass poor and otherwise defenseless tenants out of their units in order to re-let them at much higher prices?

During the debate on this issue, especially when it appeared as if vacancy decontrol might be enacted, tenant leaders trumpeted the alleged "Simon Legree" results of the 1971-74 period of decontrol. At that time, Governor Nelson Rockefeller appointed a commission chaired by then-Assemblyman Andrew Stein to review the effects of that three-year period of decontrol. This commission concluded that incidents of harassment had increased considerably.

Landlords countered that the Stein report's conclusions were baseless and politically motivated, and that Housing Court and state Division of Housing and Community Renewal records indicated that incidents of harassment actually dropped in numbers.

The debate was exacerbated by Professor Peter Salins, a nationally renown housing policy expert, who had been a key advisor to the Stein Commission. Professor Salins also claimed that for blatantly political purposes, the commission members deliberately had ignored the facts that harassment episodes had dropped during the 1971-1974 period. In turn, tenants accused Professor Salins of being biased because of his unabashed advocacy of ending rent regulation.

To top off matters, Andrew Stein himself obliquely commented during the debate that "maybe" the issue of harassment needs to be "revisited" because "maybe" his commission's report "might not" have been as "accurate" as some might have "hoped."

The bottom line is that in a frenzy to demonstrate how concerned they were to protect vulnerable tenants, even staunch opponents of rent regulation supported measures that would provide considerable criminal penalties against landlords who harass tenants. Much as a good number of tenant advocates supported stern laws against illegal subletters, so too did a good number of landlord advocates support these stern laws aimed at "bad apple" landlords.

Just as Supreme Court Justice Potter Stewart famously remarked that while he couldn't define pornography, he knew it when he saw it, the same is true with "harassment." Defining it is necessary; yet, except in the most obvious case, impossible to do. Sicking pit bulls on elderly residents or allowing drug dealers to use the premises in order to drive tenants out clearly is abominable. (Both such activities have happened.) Claiming harassment when a relatively old boiler blows in the middle of a harsh winter is a more difficult case to make, especially if the landlord undertakes immediate repairs. (Failing to make repairs is another story.) Unfortunately, too many tenants claim they are being harassed when the landlord fails to paint their apartments every three years or when they subjectively claim that their neighbor is too noisy and the landlord refuses to intercede.

Such ludicrous claims serve only to trivialize the issue and to detract attention away from the genuine cases of harassment, which sadly are all too common among a very small universe of unscrupulous owners.

(9) Single Room Occupancy ("SRO") Units

Since the undersigned became chairman of the Rent Guidelines Board, the Dickensian status of SROs has been of special concern (as reflected in his past "Chairman's Letter"). Sadly, despite his entreaties that the Legislature enact measures specifically aimed at correcting the horrific list of abuses that afflict SROs and, indeed, to provide for the creation of more, better monitored and maintained SRO units, these issues never were discussed in Albany.

Where once there were several hundred thousand SRO units that provided many persons with safe, clean, affordable housing (no matter how immodest), many units now apparently would shock even those who view SROs as the stereotypical home of "Bowery Bums."

Due to conversion, natural losses and other factors, fewer than 50,000 SRO units remain, many in squalor. SRO tenants usually are among the more vulnerable of the renting populace, and thus subject to even greater intimidation and abuse.

Perhaps as bad, because SROs "enjoy" such a dismal reputation, the RGB's policy over the past three mayoral administrations has been to grant all five classes of SRO housing little, if any, annual increases. The problem is that this also has had the result of punishing the good-faith, law-abiding SRO owners, leaving some to suggest that for these honorable owners, the RGB is creating a self-fulfilling prophesy: by failing to grant them any increase, the RGB is forcing these "good" SRO owners to become "bad" SRO owners simply to survive.

The undersigned suggested various proposals to Albany to provide for better monitoring of SROs and the construction of new ones, but such proposals largely were ignored. Thus, the squalor of too many SROs will continue, despite the periodic pious protests of elected officials.

(10) Encouraging the Construction of New Housing

Whether the Legislature had (i) kept rent regulation as it had been, (ii) abolished it altogether, or (iii) enacted an intermediate measure, the fact remains that New York City's housing market still would be facing the same problem that underlies all else: a distorted market wherein demand radically outstrips supply. Thus, the only realistic way to remedy what policy makers perceive to be an unhealthy and potentially politically destabilizing situation is to build new housing.

Although landlord and tenant advocates crowed that the new rent regulation laws would encourage a burst of new construction, more sober observers predict that pathetically few new units will be built in the next half decade.

New York City's situation is such that private sector housing can be built only for the wealthy unless government incentives are provided. While reasonable persons may debate the impact of rent regulation (and the fear that government will extend such regulations to any new units) upon the private sector's willingness to risk building new housing, far more fundamental problems exist. Among these are the high cost of labor, the exorbitant site acquisition costs, zoning laws, landmarking regulations, community "opposition," carrying charges, material costs (which are higher in the New York area than in most other regions), etc. Thus, absent some government-sponsored relief, private builders must orient their units to high income tenants.

This has had an unfortunate effect in New York City. Not only are but a few thousand units being constructed yearly in New York City (which is insufficient even to replace those lost through wear-and-tear, fire, abandonment and the like), but a majority of such units are being built in the prime areas of Manhattan. The

reason for this is not difficult to fathom: except for site acquisition costs, which are slightly lower outside of Manhattan, all other construction cost considerations remain constant. Thus, only the Eastside and Westside plus a few other scattered neighborhoods of Manhattan have affluent enough populations who can afford to rent such new housing.

Simple economics dictate why nearly all new units built in New York City in the past three to four decades have had some type of public incentive or subsidy (e.g. tax breaks, tax-exempt bonds, reduced land prices, credit enhancements, federal tax incentives). It now costs approximately \$200 per square foot to build a new apartment in New York City. A 900 foot unit, which hardly is extravagant and probably could not accommodate a family of four, would have to rent for \$1,500 to \$1,800 to provide a developer who is building without any government "help" to realize the type of return on investment that would encourage him to build again. In order to pay such rents, however, such a family would need a yearly income of approximately \$75,000.

This factor alone would eliminate about 90% of all New York City families. In fact, a study reported in September, 1997 by the *New York Times* noted that "48% of renters in New York State were unable to afford the estimated fair market rent (\$687) for a one-bedroom apartment, and 54% were unable to afford a two-bedroom rent (\$796)." The study noted that "caught between rising rents and subsistence wages, more renters in New York State are unable to afford their apartments than in any other state in the country."

This is far too complex to to be discussed in a few paragraphs, but suffice to say, the Legislature failed miserably to provide any systematic tax relief and/or affirmative incentives to induce the type of construction boom that is necessary to help New York's housing market regain any semblance of reasonable health. New York City alone needs approximately 40,000 to 50,000 new units per year simply to replace those aging and being lost, and possibly to increase the total number of units available. Absent any change in public policy, though, no one should be surprised if, when the rent laws next are revisited in 2003, barely 40,000 to 50,000 new units *in toto* have been built by then.

Given the drastic cutbacks in aid to housing on each and every level of government, the Legislature's misactions (bordering in some minds on misfeasance) merely adds another ingredient to this recipe for disaster. The Legislature's failure to adequately address this critically important need was inexcusable.

Summary

Otto von Bismarck claimed that "anyone who loves sausages or legislation would get sick watching either being made." In the opinion of this writer, the New York Legislature did little more than disgrace itself by the mishandling of this entire issue, the brinkmanship which lead to screaming tabloid headlines and panic among literally hundreds of thousands of New Yorkers, and the final legislative enactment, which arguably is a new low even for a body which usually is held in low esteem anyway. (One notes that following both the rent regulation spectacle and the Legislature's failure for four months to enact a budget, cries are rising for a state Constitutional Convention to overhaul this State's entire legislative process.)

There are many factors other than those listed above that affected the rent regulation debate. The bottom line, however, for those interested in assessing "winners" and "losers" is that:

- (a) wealthy tenants, who needed the least protection, but arguably were afforded the most, were the clear – and undeserved – winners;
- (b) larger, wealthier landlords were winners because of the "deposit into court", "right of succession" and higher vacancy allowances;
- (c) smaller, poorer landlords were losers because the "reforms" enacted will have marginal impact upon them, and the Legislature made no effort to relieve those problems that are crippling small owners: high taxes, runaway water and sewer charges, and a contemptible Housing Court system;
- (d) poor tenants were losers, in part because of (i) the "deposit into court" provision which, while overwhelmingly justified, no doubt will cause undue and unfair hardships in some instances, and (ii) the failure of the Legislature to raise the shelter allowance or otherwise insure that indigent persons won't be forced onto the street;
- (e) the average New York tenant is a loser because there simply will be no significant volume of new housing constructed. As such, the market will remain especially tight thus perpetuating the same types

of economic pressures and incentives that have underscored this half-century old mess of a public policy; and

- (f) anyone who had faith that elected officials would selflessly, honorably, diligently, fearlessly and intelligently act in the public's interest clearly were losers.

Winston Churchill once jested that he had the utmost confidence that in a democracy, a legislative body would do the right thing...after it had exhausted all other options. Apparently, the New York State Legislature still believed it had other options to exhaust.

Joseph Forstadt, Esq.

The Rent Guidelines Board members and staff were saddened to no small degree by the resignation on May 1st of Joe Forstadt, the RGB's senior member. Appointed by Mayor Koch in 1984, Joe had served as an RGB owner representative for nearly half the board's existence. Once the youngest commissioner in New York City (during the Lindsay Administration) and now one of the premier litigators in this city's legal community, in the late 1960s Joe helped write the various laws that evolved into the current rent regulatory scheme.

Joe's departure would have been a personal loss for each member of the board, but it was especially painful since it resulted in part from what this chairman believes are the inane disclosure requirements of the NYC Conflicts of Interest Board. This chair fully appreciates that COIB is charged with enforcing a law not necessarily of its making, but the onerous disclosure requirements for members who essentially serve on a *pro bono* basis border on the inexcusable.

Conflict laws certainly have worthy aims. The question, though, is whether they are overbroad and inapplicable in certain instances, and thus should provide exemptions? The answer obviously is "yes," because any law that plays a part in convincing a talented, devoted, selfless, brilliant, amiable, industrious person like Joe Forstadt to resign, rather than to continue serving the people of New York, cannot be a totally wise law.

Joe already is missed.

David Pagan and Paula Dagen

The RGB is delighted to welcome aboard David Pagan and Paula Dagen as its newest members. As the executive director of Los Sures in Brooklyn, David brings to the board a much welcomed experience as a provider of low-income housing to truly needy tenants. By this experience, though, David also is acutely aware of the special problems of landlords with low income tenants.

David already has proven himself to be a "quick study" and worthy successor to Leslie Holmes. His dignified, yet penetrating demeanor impressed us all, and we look forward to serving with him in the years to come.

Paula, an investment banker, came aboard relatively late in the session (in April). Little realizing that she had arrived during a relatively quiet year (because all the press and activist attention was focused on the debates in Albany), Paula once inquired about the absence of the legendary screaming and rioting that too often mark RGB votes. One only hopes that she has reason to ask the same question every year.

Miscellany

I'd like to thank all board members for their devotion to what remains often a thankless task. In particular, Augie Rivera continued his invaluable services as the Board's Vice Chairman, and Paul Atanasio also served admirably on occasion with the gravel. I am grateful to both for their advice and support, and am glad for Elissa Fitzig that a relatively calm year followed her traumatizing first one.

I also wish to commend Ken Rosenfeld, the senior tenant advocate, and Harold Lubell, currently the sole remaining owner advocate, for their leadership in helping to develop the issues presented to the board. It is difficult to imagine anyone being more prepared or intuitive than Ken, and Harold, now the RGB's senior member, remains the dignified, articulate, puckish soul that he always has been.

My thanks also to Doug Hillstrom, the RGB's executive director, and Sharon Kuhn, Andrew McLaughlin, Cecille Latty and Leon Klein (who just completed his 13th year with the Board). One of the few areas in which tenant

and landlord leaders agree is that the RGB's staff continues to produce its usual objective, thoughtful, well-researched, outstanding work product. Moreover, because of the staff's ingenuity and initiative, the RGB, though small in size, has been able to commercially market its work product, thus earning dollars for the city's coffers.

Ted Fields

In August, the RGB lost the services of Edwin "Ted" Fields, our senior research associate, who not only authored many of the RGB's highly acclaimed reports, but was the driving force behind the trail breaking study, "Rent Stabilized Manhattan."

Sadly for us, but happily for him, Ted married and moved to the Boston area to further his career in public policy planning.

The door is always open should Ted wish to return, and we wish him nothing but happiness and success.

1997 Mayoral Election

As this report is going to press, New York City's mayoral primary season is underway. If a new mayor is re-elected, it is customary for the chair (who is the only RGB member not to serve for a set term, but rather serves at the pleasure of the mayor) to resign. Even if Mayor Giuliani is re-elected, it would be customary for there to follow many resignations and other changes of leadership positions. (Government service does carry with it a high burn out rate.) I thus wanted to take this opportunity to thank everyone who has made my four year sojourn at the Rent Guidelines Board such an enjoyable (at times), educational (usually) and memorable (always) one.

Edward Hochman
Chairman, New York City Rent Guidelines Board
September 10, 1997

State of the New York City Rental Market, '97

Introduction

In last year's State of the Rental Market report we wrote:

The economics of the rental housing industry have improved greatly during the last two years. Owners' vacancy and collection losses are down sharply due to an improved economy. A very low "core rate" of operating and maintenance (O&M) cost inflation continues to benefit landlords. Mortgage interest rates remain low and the availability of financing has improved. In sum, these factors have led to the highest level of profitability in apartment buildings since 1989. While predictions are always dangerous, the near term future appears quite positive for owners of rent-stabilized housing.

In fact, the favorable trends noted last year continue, and in some respects have intensified. Moderate increases in rent, declining vacancy and collection losses, a modest "core rate" of operating cost inflation, and a wave of low-rate refinancing are the factors which benefitted building owners over the past year. The net result was an 8% increase in net operating income (NOI), bringing profitability nearly back to pre-recession levels.

A stronger economy is partly responsible for the improvement in the rental market. A slow but steady increase in jobs and income has made it easier for owners to collect rent and fill vacancies, especially in the higher rent stock.

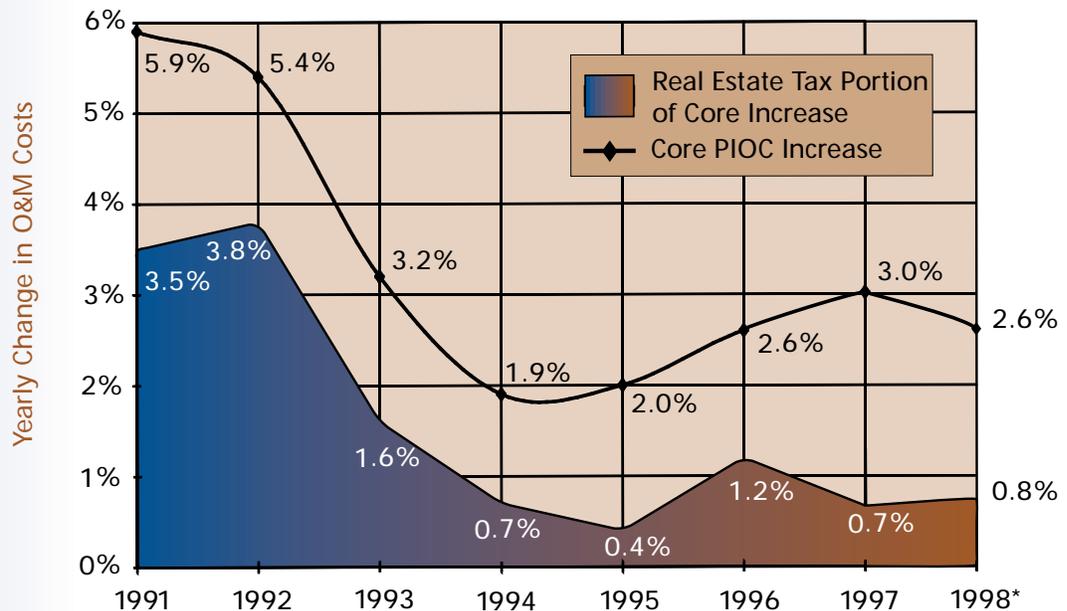
A low rate of increase in operating costs is the other part of the profitability equation. Despite the uptick in the City's economy, there has been no notable increase in price inflation. The prices of materials purchased by landlords are rising slowly, labor costs are under control, and City government appears determined to hold increases in real estate taxes to a minimum. Thus, the expense side of the equation, like the revenue side, is quite favorable.

Trends in mortgage financing activity are also very positive. This year's Rent Guidelines Board Mortgage Survey (p. 51) found that mortgage financing costs were near historical lows. Many owners benefitted from refinancing at lower rates in 1996. In addition, the secondary mortgage market is expanding and competition among lenders appears to be intensifying, resulting in more choice and lower financing costs.

In the short term it appears that rents will continue to rise at least as fast as they have in recent years, and possibly at a greater pace. Operating cost inflation, which one might expect to be on the increase at this stage of the economic cycle, remains dormant. Indeed, the near term outlook is for a small DECREASE in the rate of O&M inflation, due in large part to the recent agreement with Local 32B-32J, which is quite beneficial to owners. If there is a dark cloud on the horizon, it is the possibility of higher interest rates and mortgage expenses as the Federal Reserve Board acts to cool the economy. Nevertheless, on balance the outlook for building owners remains very positive.

The "Core" Rate of Inflation Dropped Sharply in the Early '90's - Lower Real Estate Taxes was the Key

(Change in the Core Rate of the Price Index of Operating Costs for Rent Stabilized Apartment Buildings)



Source: Price Indices of Operating Costs, 1991-1997, PIOC Projection for 1998

*Note: The percent change for 1998 was estimated.

Landlords' Operating and Maintenance Expenses

Recent History

In recent years there has been a remarkable drop in the "core" rate of inflation.¹ In 1991, landlords' core operating and maintenance (O&M) costs were rising by nearly 6% per year. A scant three years later the core rate of inflation had plummeted to 1.9%. Although costs have crept up slightly since 1994, inflation continues to be quite moderate (see above chart).

The subsidence of inflation since the early 1990's was due in large part to a sharp drop in the rate of increase in real estate taxes. Rising property values and stable or higher tax rates resulted in sharp increases in landlords' tax bills throughout the late 1980's and early 1990's. The severe recession eventually dampened increases in property tax assessments. This falloff in assessments, combined with a new determination by City government to hold the overall property tax levy stable without gouging rental properties, has accounted for more than half of the decrease in the core inflation rate.²

Declining cost pressures in the labor market have also dampened O&M inflation. The relatively severe recession in New York made it very difficult for contractors (e.g. painters, plumbers) and laborers to raise their prices or demand higher wages. The RGB's Price Index of Operating Costs (PIOC) found that

during the recession many contractors were forced to reduce prices in order to attract business. Similarly, the wage demands of labor unions weakened during the recession and have remained very moderate since then, reflecting in part a lower level of general price inflation.

Smaller increases in water/sewer rates also benefitted landlords. Beginning in FY 1994, the Water Board imposed a two year rate moratorium. The Board also extended the voluntary transition program (enabling landlords to remain on frontage billing) and put a cap on maximum bills. The impact of these actions, while not as significant as the declining rate of increase in real estate taxes and labor costs, did shave about one-half of a percent off the core rate of inflation.

It is clear that O&M inflation reached a low point of 1.9% in 1994 and has been inching upwards since then. This year's core rate was 3%, the highest level since 1993. The natural question: Is inflation on the rebound?

Near Term Outlook

At this stage in the economic cycle one would typically expect rising wage pressures for labor, increasing prices for contractor services and administrative costs due to more demand, and substantially higher real estate tax assessments and tax bills due to improving profitability of rental housing. In short, the core rate should be mounting. Although there has been some recent increase in the core (from a low of 1.9% in 1994 to 3% in 1997) we expect the rate to actually DECLINE next year and to remain low in the near future. Labor costs are decreasing, price demands of contractors and administrators remain moderate, and real estate taxes show no sign of significant escalation over current levels.

Real Estate Taxes

Just as the dramatic decrease in the core rate was due in large measure to a decline in real estate taxes, the recent increase can be attributed to rising taxes. The rate of increase in real estate taxes reached a nadir in 1995 (a 1.4% increase), and has been higher since then (3% in 1996 and 2.4% in 1997).

Higher taxes in 1996 and 1997 were not fueled by rising property assessments. In both of these years assessments actually fell slightly. The rise in taxes was due almost entirely to an increase in the tax rate for Class Two properties brought on by falling assessments among commercial properties. As the economy stabilizes, it appears that the disruption in class shares will abate, making it unnecessary to raise

the tax rate for Class Two properties. This relative stability in tax rates, combined with slowly increasing assessments (estimated at 2.8% in FY 1998) bode well for the short term. The intermediate term also appears positive, given the determination by the Giuliani Administration and the City Council to hold the line on property tax increases.

Labor Costs

The rate of increase in labor costs, which comprise one-sixth of landlords' expenses, appears to be declining. Although the City's economy is creating jobs, increases in the labor force seem to be outrunning job creation, thus negating any wage pressure and undermining union wage demands. The relative weakness in the real estate market has also encouraged owners to bargain more aggressively with unions and non-union labor.

After rising 4-5% per year in the early 1990's, this year we found that non-union laborers' wages rose a mere 2.9%, an historical low. Given the current weakness in the labor market and the secondary impacts of recent union agreements, non-union labor increases should be similarly low in the next few years.

In the unionized labor sector, the recent 32B-32J labor agreement also bodes well for building owners. The union and the Real Estate Advisory Board estimate that the impact of the contract will be "cost neutral", a euphemism for no increase in costs. 32B-32J labor costs constitute nearly 7% of the typical rent-stabilized building's budget. The settlement will certainly have an impact on next year's local 32E negotiations, and also on the wage demands of non-union labor.

Contractor Services and Administrative Costs

Contractor Services consist mainly of painting and plumbing costs. The same wage pressures which have affected the bargaining positions of janitors and superintendents have also had an impact on painters and plumbers. Price increases for these services have lagged behind the rate of inflation in recent years. Although there has been a slight recent uptick in plumbers' costs, painters report too much competition to raise prices more than one or two percent per year. We expect these market conditions to persist in the short and intermediate term.

Administrative Costs have climbed more rapidly than Contractor Services costs in recent years, presumably because of the higher skill levels of

accountants and attorneys. In addition, rising rents have boosted the fees of management companies. Even so, after adjusting for the impact of rents on management fees, administrative costs have been increasing only at the rate of inflation in the 1990's and show no sign of upward movement.

Water/Sewer Costs

After many years of double-digit increases during the late 1980's and early 1990's, the rate of increase in water/sewer fees has slowed significantly. Even so, increases continue to run ahead of other costs. As a result, water/sewer fees now comprise nearly 8% of owners' total operating expenses.

In stark contrast to other operating expenses, which seem to be relatively stable or declining, increases in water/sewer costs are probably on an upward path - it is not likely that future increases in water/sewer fees will dip much below the 6.5% level of fiscal years 1997 and 1998.

The Water Board's ten year capital improvement program (1996 - 2005) is ambitious and will require floating some \$8.6 billion dollars of debt. To pay off the debt incurred by the capital program will require

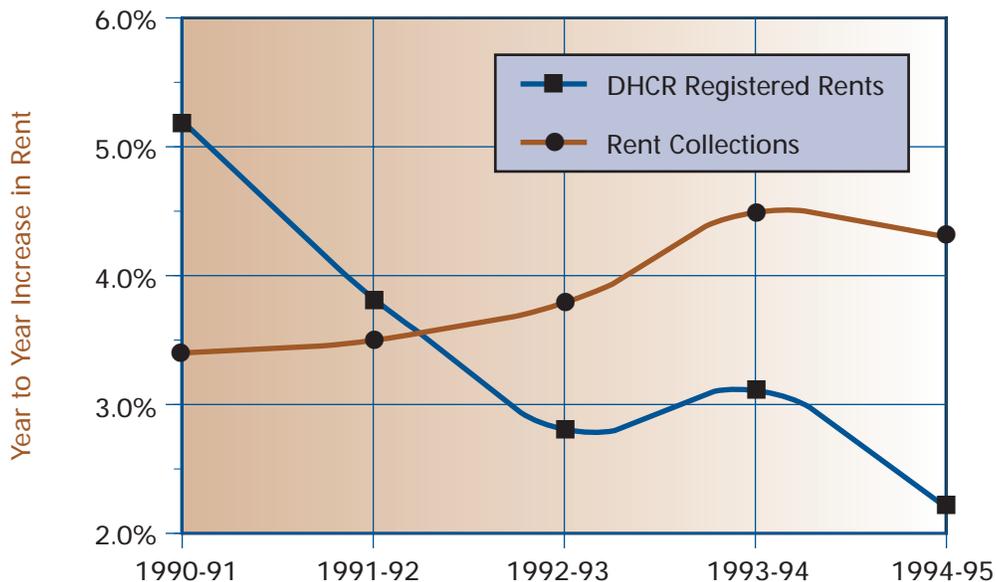
annual increases in fees of at least 6.5% per year. The most recent prospectus of the New York City Municipal Water Finance Authority projects rate increases of 8% in FY 1999 and 8.4% in FY 2000. Water/sewer expense is thus one of the few costs which is not expected to be stable or declining in the short term.

Rents

Recent History

Rent growth in the nineties has been surprisingly strong given a severe local recession and some of the lowest guidelines granted in the history of rent stabilization. Although the recession did slow rent increases from 1990-1992, rents accelerated significantly from 1992 to 1995, fueled by the recovery of the local economy and the dearth of new housing construction. We believe the pace of rent growth will continue to be strong in the next year or two, pushed by last year's higher rent guidelines, a low rental housing vacancy rate, declining rent collection losses, and greater opportunities for vacant apartment and Major Capital Improvements (MCI)⁴.

Rent Collections are Rising Faster than Registered Rents



Source: NYC Department of Finance, RPIE Filings and NY State Division of Housing and Community Renewal. See note 3 for additional details.

The chart on previous page contrasts increases in rents registered with the New York State Division of Housing and Community Renewal (DHCR) with the amount of rent actually collected by landlords. Looking at the beginning of the decade (1990 - 1991), we see that registered rents rose 5.2% while rent revenue actually collected by landlords was up only 3.4%. The difference clearly reflects the impact of the recession.

In 1991 the City lost nearly 200,000 jobs. Many landlords found it impossible to raise rents given the sudden deterioration in tenant employment and income. In more desirable buildings and neighborhoods landlords offered "preferential" rents to avoid vacancies. In poorer neighborhoods vacancy and collection losses soared and an increasing number of landlords fell into real estate tax arrears.

Rent increases in 1992 and 1993 were surprisingly strong, given that the City lost 100,000 additional jobs and the unemployment rate leaped to more than 10%. While rents collected by landlords lagged registered rents slightly in 1992, collected rents surged in 1993, rising a full percentage point more than DHCR levels. At the time, it appeared the real estate market was mired in a deep recession; looking at this data in retrospect, 1993 marked the first stirrings of a recovery.

The relative strength of New York's rental market even during times of deep recession is not easy to explain. The resilience of rent levels may be due in part to the relative affordability of the housing stock. In last year's Income and Affordability Study we showed that New York's housing stock is somewhat more affordable than other cities'.⁵ To the extent that rent regulation depresses rents below "market" levels and maintains affordability, it may be easier for landlords to raise rents during a recession.

A near collapse of new housing supply is undoubtedly another important factor contributing to the tighter rental market. The Savings and Loan crisis of the early 1990's combined with the recession "squashed" new housing construction. While permits for new construction averaged 11,500 units per year during the eighties, in the nineties new housing permits slowed to 5,000 units per year. Over a six-year period (1990 - 1995) this difference in new housing construction amounts to nearly 40,000 units. Even in a market as large as New York's, such a deficit will put pressure on rent levels.

Future Outlook

In the near future there is little reason to doubt that rental income will continue to grow, most likely at a

quicker pace. As the economy improves, vacancy and collection losses will continue to shrink. The sharply higher guidelines enacted by the RGB last year will boost contract rents in 1996 and 1997. Disappearing "preferential" rents, additional vacant apartment and Major Capital Improvement increases, and luxury decontrol will also contribute to higher rent growth in the short run.

This year's RGB Income and Expense Study found that collected rent rose 4.3% in 1995, spurred to a large extent by further reductions in collection losses, and a moderate increase in contract rents. Given that the City gained some 35,000 jobs in 1996, the largest gain since 1987, it seems likely that collection losses continued to fall in 1996.

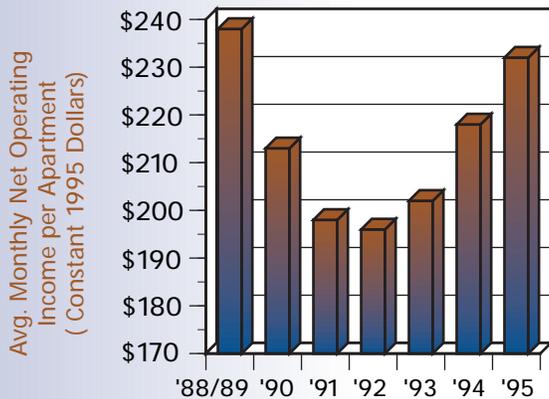
Lower collection losses have been a boon to owners of older, pre-war buildings. Since losses in these buildings typically run much higher than in the post-war stock, it is not surprising to learn that collected rents in the pre-war stock grew 13.3% from 1992 to 1995, versus 11.6% in the post-war stock. Lower collection losses have helped many of these older buildings shed their real estate tax arrears. In last year's Tax Arrears Study we found that nearly 500 buildings repaid their arrears in 1995.⁶

Although landlords' gains from lower vacancy and collection losses will eventually begin to moderate, other factors will certainly boost rents five to six percent per year in the near future. Last year the RGB passed a guideline allowing a 5% increase for a one year lease, a 7% increase for a two year lease and a vacancy allowance of 9%. RGB staff estimates the net effect of the guideline will be to raise rents by 5.7%, the greatest increase allowed since 1989. Most of this increase will be reflected in landlords' 1996 and 1997 bottom lines.

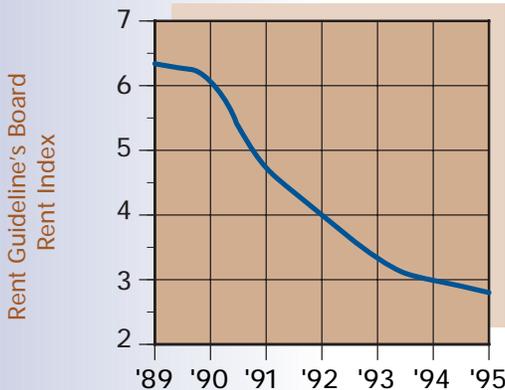
Another factor which will surely have an impact on rents is the growing level of MCI applications. After bottoming out in FY 1994 at 1,168 applications, MCIs began to creep up in the next few years, rising to 1,338 applications in FY 1997.

Despite recent revisions of the rent-stabilization law enacted by the City Council, which will slow the pace of luxury decontrol,⁷ this process will continue to spur increases in rental income for higher rent buildings. To date, the State Division of Housing and Community Renewal has issued approximately 1,400 luxury decontrol orders for occupied apartments and an additional 2,150 vacant apartments have left stabilization via vacancy decontrol. Another 1,175 applications were pending with DHCR in March of 1997.

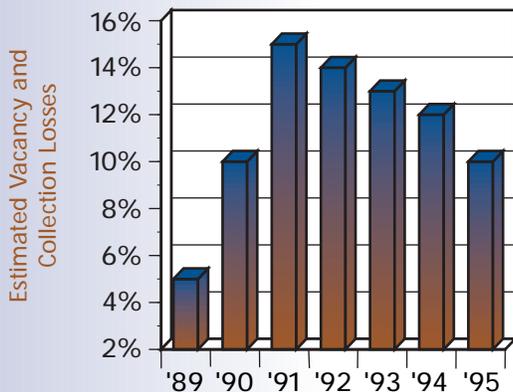
After Inflation, NOI is Approaching Levels Last Seen in the Late 1980's...



Even though Allowable Rent Increases Have Declined Sharply...



Decreased Vacancy and Collection Losses have been the Key.



Sources: RGB Income and Expense Studies, 1990-1997; Rent Guideline Explanatory Statements, 1989-1995. See note 8 for additional details.

One final factor which will spur future rent growth is the disappearance of “preferential” rents. During the recession many owners found they could not charge the registered rent, which was actually above market levels. In 1991 rents in post-war buildings fell due to increasing vacancy and collection losses and preferential rents. As the economy continues to improve and tenants move, many landlords will presumably charge registered rents, providing an additional boost to rental income.

Net Operating Income

The Rent Guidelines Board has never been able to directly measure the profitability of rental housing. The data requirements for such a project would be immense, and inevitably there would be much argument about how to define “profit.” Even so, the RGB has obtained data from income and expense statements filed with the Department of Finance for several years, and this data is a reasonably good surrogate for changes in profitability.

The amount of income remaining after maintenance expenses are paid is typically referred to as “Net Operating Income” (NOI). While debt service and income taxes then determine the ultimate profitability of a property, NOI is a good indicator of its basic financial condition. The chart on this page shows changes in the level of Net Operating Income since 1989 in constant (i.e. inflation-adjusted) dollars.

Net Operating Income declined sharply between 1989 and 1992. A substantial decrease in NOI actually preceded the full brunt of the recession. Sharp increases in real estate taxes, water and sewer fees, and fuel costs cut constant dollar monthly NOI (per dwelling unit) from \$238 in 1988/1989 to \$213 in 1990. From 1990 to 1992 the profitability of rent-stabilized housing declined even further, primarily due to the impact of the recession and declining rent collections.

Remarkably, despite the loss of more than 300,000 jobs between 1989 and 1992 (nearly a tenth of the work force) and the fact that RGB rent increases were declining throughout this period, NOI in pre-war buildings was unchanged from 1990 to 1992. The impact of the recession was felt more strongly in the post-war stock, as NOI declined nearly 25% during the same period.

In 1993 lower increases in expenses coupled with accelerating rent collections resulted in an improvement in NOI. In 1994 and 1995 the improvements were even greater, as constant dollar NOI nearly returned to pre-recession levels. Given

recent trends in rents and expenses, it appears likely that NOI improved in 1996 and will make additional gains in 1997.

Mortgage Financing

In evaluating the state of the New York City Rental Market, one final consideration is in order – the availability and cost of mortgage financing. Although NOI may now have returned to pre-recession levels, can we say that owners are as well off as they were in 1989? Is mortgage financing available at favorable terms?

In 1989 the average mortgage interest rate charged by banks was 12%, significantly higher than the previous three years (10.2% to 10.8%) but much lower than in the early 1980's (13% to 16%). Lenders charged 1.5 to 1.6 points for financing in 1989. The average loan term was 5 years. Fixed and adjustable loan terms were equally common.

After the onset of the recession, the market changed radically. Although the decline in interest rates was a positive development, many lending institutions were dissolved by the RTC or left the multifamily mortgage market altogether. Freddie Mac discontinued purchasing mortgages in the secondary market. The disappearance of so many lenders meant that financing was hard to obtain. Even the financial institutions which remained tightened their lending standards.

By 1995 the lending market had been entirely restructured. The rigid lending standards put in place in the early nineties paid off, as defaults stabilized and mortgage delinquency declined. Freddie Mac re-entered the mortgage market, infusing sizable funds into the lending pool. Loan volumes inched up and, for the first time in almost a decade, lenders who had left the market resumed loan originations.

Today, financing is available at more favorable terms than in 1989 and the lending market is far healthier. The RGB's 1997 Mortgage Survey found that the average interest rate charged for new multifamily mortgage financing was 8.8%, virtually unchanged from the previous year. Lenders charged 1.3 points for financing. The average loan term was 11 years with fixed and adjustable terms available.

Apart from the advantageous terms being offered by banks, borrowers also have more choices. It is clear from this year's Mortgage Survey and testimony by bankers that competition among lending institutions has intensified. This competition, coupled with favorable loan terms and the re-entrance of Freddie Mac into the market, is quite positive for owners in the short and intermediate term. □

End Notes:

1. The "Core Rate" is defined as the increase in owners' operating costs, assuming that utilities costs (i.e. fuel oil, natural gas and electricity) remain constant.
2. Since 1992 the non-real estate contribution to the core rate has been remarkably constant, ranging from 1.2% to 2.3% (including the projection for 1998). Thus, most of the variation in the core rate has been due to change in the rate of increase in real estate taxes.

. Rent collections are defined as rent received by landlords (i.e. contract rents minus vacancy and collection losses). Income and Expense Statements filed with the New York City Department of Finance are examined each year by the RGB to measure collections. DHCR registered rent is the mean average monthly rent of stabilized apartments registered with the State Division of Housing and Community Renewal.
4. Editor's Note: After this piece was written, the State passed the Rent Regulation Reform Act of 1997 which will certainly boost rents substantially in the near and intermediate term, adding to the other upward pressures on rent identified here.
5. Housing NYC: Rents, Markets and Trends '96, p. 66.
6. Ibid, p. 58.
7. Editor's Note: The luxury decontrol restrictions enacted by the NYC Council were negated by the Rent Regulation Reform Act of 1997.
8. The Rent Guidelines Board's "Rent Index" attempts to measure the effect of the Board's orders on rent levels. While it accounts for the impact of lease renewals, vacancy allowances, and the supplemental allowance, it does not, and can not, incorporate factors outside the Board's jurisdiction, including MCI increases, vacant apartment improvement increases, and other factors. The measure of vacancy and collection losses in this report is the mean rent measured by the RGB's Income and Expense Study, compared to the mean DHCR registered rent. The difference is assumed to be a rough measure of vacancy and collection losses.

Income and Expense

- ✓ Price Index of Operating Costs
- ✓ Income and Expense Study
- ✓ Mortgage Survey Report



The Rent Guidelines Board

Price Index of Operating Costs

WHAT'S NEW

- ✓ The Price Index of Operating Costs for Rent-Stabilized Apartment Buildings (PIOC) rose 2.4% this year, in line with last year's projection.
- ✓ No component had a particularly disproportionate effect on the PIOC. Increases ranged from 0.4% (Fuel) to 3.9% (Administrative Costs).
- ✓ The "core" PIOC, which excludes the erratic changes in fuel oil, natural gas, and electricity costs, is useful for analyzing inflationary trends. The core this year (3.0%) is higher than the PIOC because fuel costs were largely unchanged.
- ✓ The Price Index for Apartments is projected to increase 1.8% next year.
- ✓ Traditionally, RGB staff has computed a "commensurate rent increase" based on the PIOC. The commensurate is the rent increase needed to compensate landlords for increases in O&M costs while maintaining net operating income at a constant level in nominal dollars. Based on this year's increase in the PIOC and next year's PIOC projection, the commensurate is 1.6% for a one year lease and 2.2% for a two year lease (see page 36 for details and alternate versions of the commensurate rent adjustment).

Introduction

Much like the Consumer Price Index (CPI), the Price Index of Operating Costs for Rent-Stabilized Apartment Buildings (PIOC) measures the price change in a market basket of goods and services. But while the CPI examines changes in consumers' "cost of living", the PIOC gauges changes in the operating and maintenance costs of stabilized buildings. By measuring and aggregating many types of cost changes – real estate taxes, attorney fees, toilet seats, and dozens of other items – the PIOC shows how landlords' building maintenance costs have been affected over the previous year.

The original PIOC expenditure weights and market basket were devised by the U.S. Bureau of Labor Statistics (BLS) which was retained by the RGB as the PIOC contractor from 1970 to 1981. From 1982 to 1990, the PIOC was prepared by private consulting firms. In 1991, the RGB staff's growing expertise and familiarity made it possible to move the PIOC "in house."

This is the seventh year that the RGB staff has produced the price index and the second year that the index has been undertaken without the assistance of Speedwell Inc. In previous years Speedwell had prepared the tax and water/sewer components of the PIOC. RGB staff's growing computer expertise made it possible to take on these final elements of the price index last year.

The PIOC consists of several surveys, each designed to measure changes in one or more types of operating cost. These are described in the following sections of this report.

Owner Survey

The Owner Survey gathers information on management fees, insurance, and non-union labor from building managers and owners. Survey forms, accompanied by a letter describing the purpose of the PIOC, were mailed to the owners or managing agents of stabilized buildings. If the survey form was returned, the owner/manager was contacted by an interviewer to verify the information and to obtain additional information if necessary. All of the price quotes of the owner/managing agents were confirmed by calling the insurance and management companies and non-union employees.

The sample frame for the Owner Survey included nearly 40,000 stabilized buildings registered with DHCR in 1994. A stratified sampling scheme was used to choose 6500 addresses from this pool for the owner mailing. The number of buildings chosen in each borough was proportional to the concentration of stabilized buildings in that borough. Roughly 12% of the surveys mailed out were returned to the RGB. A total of 453 of these contained information which

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

2.4%

was used. The number of verified price quotes in 1996 and 1997 for the Owner Survey is shown in Appendix B.1.

Fuel Oil Vendor Survey

Fuel price information has been gathered on a monthly basis for the past several years. A monthly survey makes it possible to keep in touch with fuel vendors and to gather the data on a consistent basis (i.e. on the same day of the month for each vendor). Calling vendors each month minimizes the likelihood of misreporting and also reduces the reporting burden for the companies which do not care to look up a year's worth of prices. Finally, the monthly survey shifts some staff work out of the very busy Spring period. Only a few vendors declined to participate each month. Some of these did agree to provide a year's worth of data in April 1997. The number of fuel quotes gathered this year was comparable to last year and is contained in Appendix B.1.

Real Estate Tax Computations

A list of rent-stabilized properties was provided to the Department of Finance, which "matched" this list against its records to provide data on assessed value, tax exemptions, and tax abatements for approximately 35,000 buildings in FY 1996 and FY 1997. A new and more up-to-date list of rent-stabilized buildings was used this year – it included buildings which registered with the Division of Housing and Community Renewal in 1994.

The Finance Department data was used to compute a tax bill for each stabilized building in FY 1996 and FY 1997. The change computed for the PIOC is simply the percentage increase in aggregate tax bills from FY 1996 to FY 1997, weighted by the percentage of rent-stabilized units in each building.

Vendor Survey

The Vendor Survey is used to gather price quotes for Contractor Services (e.g. painting), Administrative Costs (e.g. management and attorney fees), Parts & Supplies (e.g. mops, toilet seats), and Replacement Costs (e.g. refrigerators). As in prior years, an effort was made to update the vendor database by adding new vendors and deleting those who no longer carry the products in question. All vendor quotes were obtained over the telephone. The telephone procedures used for gathering price quotes were unchanged from prior years. The number of price quotes was about the same as in 1996. For a detailed description of the items priced and the number of price quotations obtained for each item, refer to Appendix B.1.

Other Items

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

CHANGE IN COSTS FOR RENT-STABILIZED APARTMENT BUILDINGS, APRIL 1996 TO APRIL 1997

Taxes	2.4%
Labor Costs	2.3%
Utilities Costs	2.9%
Fuel Costs	0.4%
Contractor Services	3.4%
Administrative Costs	3.9%
Insurance Costs	1.9%
Parts & Supplies	1.5%
Replacement Costs	1.0%
All Costs	2.4%

Price Index Components

Taxes

2.4%



The tax component is based entirely on real estate taxes. The change in taxes is estimated by comparing aggregate taxes levied on rent-stabilized apartment houses in FY 1996 and FY 1997 (For additional detail on how the tax computation compares to last year, see the earlier section “Real Estate Tax Computations”). The tax data was obtained from the Department of Finance.

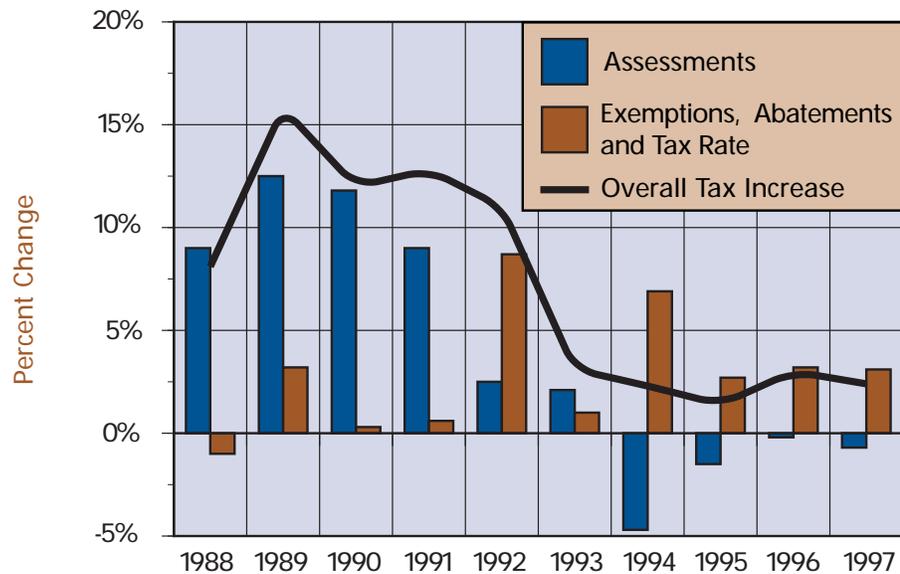
Real estate taxes were up modestly this year, rising 2.4%. The change in taxes was almost entirely due to a 2.3% increase in the tax rate. Expiring tax abatements and exemptions had little impact on taxes this year, and assessments were largely unchanged.

- **Tax Rate** – Although the tax levy for all properties in the City (commercial and residential) has not increased for several years, the distribution of the levy among property classes has shifted from year to year. In recent years, more of the tax burden has fallen on Class Two, which contains the vast majority of rent-stabilized properties.

The increase in the tax rate for Class Two properties is a result of a state law which requires the tax levy to be distributed on the basis of class shares. More specifically, a large decline in the value of commercial properties compared to residential properties has shifted some of the tax burden from Class Four to other property classes, including Class Two.

Billable Assessments Declined for the Fourth Consecutive Year

(Percent Change in Taxes due to Assessments and Exemptions/Abatements/Tax Rate)



Source: New York City Department of Finance

Intervention by the Mayor and the City Council has softened the blow to rent-stabilized properties somewhat. In FY 1996 the tax rate would have risen 5.6% had the City Council not intervened and limited the increase for Class Two properties to 2.4%. A similar course of events led to an increase in the Class Two tax rate of 2.3% this year.

- **Assessments** – The assessed valuations of rent-stabilized buildings rose dramatically in the late 1980's through 1991, increasing 8% or more each year (see chart previous page). In 1992 and 1993 the increase in valuations slowed to 2% per year. The impact of the recession was finally reflected in tax bills the following two years – valuations dropped 4.7% in FY 1994 and 1.3% in FY 1995.

Last year billable assessments were fairly stable, falling a mere two-tenths of a percent. The decrease in valuations was similar this year – a drop of seven-tenths of a percent. While assessments were largely unchanged in Manhattan, Queens, and Brooklyn, there was a large decrease in valuations in the Bronx. Reductions in assessments are particularly apparent in the South Bronx.

- **Abatements and Exemptions** – The number of buildings with new tax abatements fell once again – the sixth consecutive yearly decline. Even so, the tax benefits of new and existing abatements exceeded expiring abatements. As a result, the change in tax abatements worked to reduce the property tax burden by 0.3%.

Expiring tax exemptions had a greater impact on the real estate tax component of the Price Index than abatements. In the City as a whole, expiring exemptions added 0.8% to tax bills. Given the lack of new investment in rental housing in recent years, we expect expiring exemptions to continue to add to landlords' tax burden in the near future.

Labor



As predicted in last year's PIOC projection, increases in labor costs have continued to moderate, making this year's overall change of 2.3% the lowest since 1976. The price index measure of labor costs includes union and non-union salaries and benefits, in addition to changes in Social Security and unemployment insurance. The cost of unionized labor comprises two thirds of

the Labor component and one-tenth of the entire price index.

The rate of increase in the labor component started declining in the mid-eighties and this year's growth rate is less than half that measured ten years ago. This notably low increase in labor costs reflects both a slowdown in benefit growth after a period of striking increases in the early 1990's and a much lower growth rate for wages reached through union contracts.

Utilities



The utilities component consists primarily of electricity, natural gas, and water & sewer charges. Telephone and steam costs are a small part of the utilities index. In the case of most utility components, changes in price are measured using the PIOC specifications (i.e. the quantity of electricity, steam etc. being purchased) and the changes in rate schedules. Water/sewer costs are based on billings obtained from the City's Department of Environmental Protection (DEP).

This year, utilities increased 2.9%, led by an increase of 6.5% in water sewer fees. Most other utility costs showed modest decreases.

Through 1995, Speedwell Inc. was responsible for calculating changes in real estate taxes and water sewer fees. Speedwell obtained water/sewer billing information on more than 30,000 properties from the Department of Finance's Open Balance Register. Finance was responsible for billing customers even though the water system was operated by DEP. In 1995 responsibility for billing was assumed by DEP, rendering instantly obsolete all of Speedwell's computer programs for calculating the change in water/sewer costs.

Last year the RGB assumed the task of calculating changes in water/sewer costs. The RGB staff worked with DEP over a six-month period to define an "extract" from the DEP billing records, and by late March data on frontage and metered bills had been obtained for roughly 32,000 rent-stabilized properties. Unfortunately, after working extensively with this data RGB staff concluded that the information from the DEP files for properties with metered bills was unreliable, and that no amount of remedial work would make it acceptable. Thus, the increase in water/sewer costs from 1995 to 1996 in last year's price index was based *entirely* on frontage bills for 22,000 rent-stabilized properties.

With the expectation of improvements in the DEP meter reading process, the RGB requested data on water sewer costs for FY 1996 and FY 1997. Staff worked with DEP for several months and a data extract was obtained in late March for approximately 40,000 rent-stabilized buildings.

After much scrutiny of this data, RGB staff decided it was unusable. Although approximately 70% of the frontage properties in our list had water/sewer bill increases of 6.5%, as expected, nearly one-sixth had increases which were far larger, many in the 20% to 30% range. The problem this year was not inaccurate meter readings, but the methods DEP has used to credit toilet rebate payments and frontage charge adjustments.

Consultations with DEP and examination of individual building records revealed that nearly all of the buildings with increases greater than 6.5% participated in the toilet rebate program, and should have had increases of *less* than 6.5% rather than the 20%-30% increase which showed up in our data. The problems with the data were due to peculiarities of the DEP billing process and the computer program designed to “extract” the data for rent-stabilized properties.

Given the problems with the water/sewer data, we were forced to use a less than optimal measure in the PIOC this year – the 6.5% increase in water/sewer rates. While there is no doubt this is a proper measure of the *median* increase for rent-stabilized buildings, it is not precisely what the PIOC attempts to measure, which is the aggregate increase (or mean increase) in water/sewer costs. Nevertheless, it is the best measure available and is used in this year’s price index.

Our experience working with the water/sewer data over the past two years has made it apparent that existing PIOC methodology is inadequate and must be completely overhauled before next year’s index is undertaken. RGB staff will begin work on this project during the summer.

Natural gas costs were largely unchanged this year. The PIOC measures gas, like fuel oil, largely on a “cost-weighted” basis which takes both the price and heating degree days into consideration. Although the *price* of natural gas increased, the total *cost* of heating with natural gas remained constant due to relatively warm winter weather.

The price of electricity fell by approximately 3%. This small decrease is partly due to the traditional method of measuring the electricity from April-to-April rather than on a cost-weighted basis. If electricity was measured on a cost-weighted basis, like fuel oil and natural gas, this component would have shown a small increase.

Fuel



0.4%

To calculate changes in fuel oil costs staff gathers monthly price data from fuel oil vendors and weights the data using a degree day formula to account for changes in the weather. The number of degree days is a measure of heating requirements.

Last year, cold weather, greater demand for fuel, and refiners’ search for additional sources of oil in the early Spring led to skyrocketing prices and costs. Overall, PIOC fuel costs were up 30% last year.

In October 1996, it appeared that a replay of the previous year’s events was certainly a possibility. Fuel oil reserves were low and prices were rising rapidly. As our “Income and Expense Brief” of December 10, 1996 noted, oil prices were at a six-year high and property owners were “understandably edgy” about the upcoming winter.

Fortunately, the increase in prices in the Fall and early Winter abated later in the heating season. Refiners were able to build supplies of heating oil abetted by warmer than normal weather. As the chart on the next page shows, the increase in fuel costs over the previous year declined steadily over the course of the heating season.

Overall, fuel prices were up only about one-half percent (0.4%). Of the three grades of fuel oil, #2 saw the most change (3.2%), while #4 was basically unchanged (0.6%), and #6 decreased slightly (-1.0%). The PIOC includes a different weight for each of the fuel grades to reflect the percentage of rent-stabilized units using each type of fuel oil. In the current year’s PIOC, #6 oil accounts for half of the fuel oil component (53%), while #4 oil accounts for 25%, and #2 oil 22%.

Contractor Services



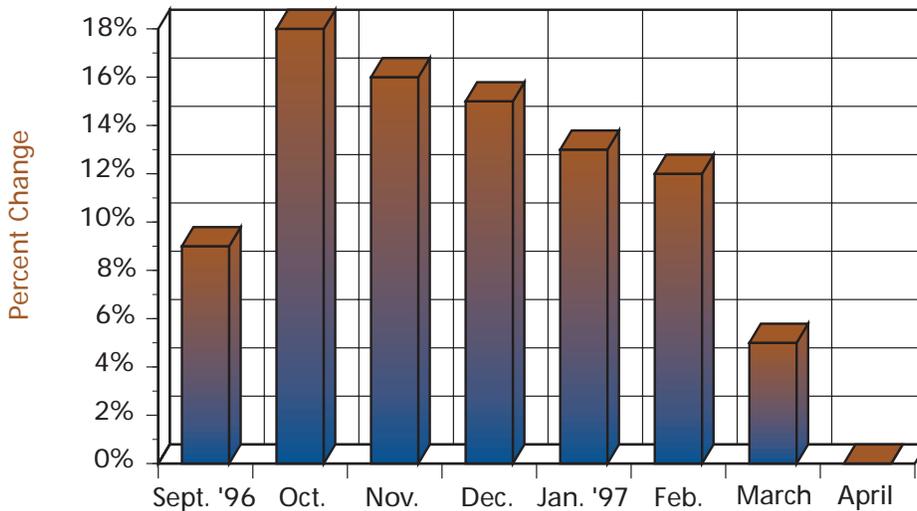
3.4%

Contractor Services increased 3.4% in 1997. Repainting and plumbing costs, by far the most important items in this component, had low to moderate increases. However, nearly every other item saw greater increases in costs which propelled Contractor Services to the highest rate of growth since 1991.

Repainting costs, which comprise a whopping 40% of the Contractor Services component, continued a recent trend of low increases, rising only 2.1%,

Oil Prices Peaked Early in the Heating Season

(Change in Monthly #2 Fuel Oil Price Compared to the Same Month Previous Year)



Source: RGB Fuel Vendor Survey, Price Indices of Operating Costs, 1996 and 1997

comparable to last year's 2.4%. While several painters surveyed this year noted that the price of paint and labor had increased, most maintained prices in order to stay competitive.

This year's increase in contractor costs was affected considerably by a 2.6% increase in plumber's fees and, to a lesser extent, high increases in monthly service contracts for elevator repairs. Plumbers reported little or no change in the cost of labor and supplies, while elevator maintenance companies dealt with a labor dispute, resulting in a 10.9% increase in costs.

Even though the Winter of 1996-97 was much milder than last year's Winter of record snowfall, boiler and roof repair prices went up 3.1% and 2.6% respectively. Boiler repair increases were not due to the weather but rather to the increase in cost of materials, specifically the cost of boiler tubes. A majority of the roofers reported no change in prices and the few that did noted that increased labor and material costs were the catalysts for higher bills.

Administrative Costs

3.9%

Administrative Costs rose 3.9%, which is 0.4% higher than last year's increase. Fees paid to management companies, accountants, and attorneys comprise the bulk of this component.

Management companies, which tend to base their fees on rental occupancy, had the highest increase (4.6%). These companies raised their prices due to higher rents and fewer vacancies in the properties they manage.

Accountants raised prices 3.5%, while attorney fees rose only 2.3%. While most firms' fees remained constant from year to year, several accountants and

attorneys reported that annual fee increases and higher overhead costs were the reasons for escalating wages.

In last year's PIOC we found that "during the last five years, administrators have had higher increases than their counterparts, skilled contractors." This trend has continued for a sixth consecutive year. However, the wide discrepancy in increases seen last year (1.7%) narrowed in 1997 to just 0.5%. While the strong rental market has boosted Administrative Costs, the strengthening economy, which is linked to a greater degree to the wages of skilled contractors, has also had an impact on the Contractor Services component, which rose from 1.8% in 1996 to 3.4% in 1997.

Insurance



1.9%

In sharp contrast to the experience of the past few years, Insurance Costs rose only 1.9% this year, the lowest increase observed since 1994. More than 430 buildings supplied the Board with insurance data, 89 (21%) of which reported lower costs as opposed to 220 (52%) which reported higher costs. Rate hikes fueled the little cost growth that occurred, with nearly one-third (137) of this year's respondents claiming higher rates, as opposed to one-sixth (70) that reported rate declines. A significant number of buildings (17%) also increased the value of their insurance policies, causing their overall costs to climb by 3.1%.

Last year, a number (6%) of building owners reported that insurers were withdrawing lead paint coverage from their policies, over concern for the potential costs of liability for lead related health problems. This year, slightly fewer (4%) respondents reported similar retraction in coverage. The removal of lead liability coverage does not reduce the cost of insurance. Instead, the total insurance expenses of respondents who had their lead coverage withdrawn rose by 3% this year.

Parts and Supplies



1.5%

The overall increase in the Parts and Supplies component was 1.5%. Increases in this component have been fairly consistent and generally very low since the early 1980's. This year is no exception. Price increases ranged from a high of 5.5% (deck faucet) to a decrease of 1.7% (light switch).

Replacement Costs



1.0%

The Replacement Costs item is even less significant than the Parts and Supplies Component, its weight being only 1/100th of the PIOC. This year's increase in the Replacement Costs component was only 1%.

Rent-Stabilized Hotels

The hotel price index methodology was first developed by the consulting firm USR&E based on its 1985 Price Index for Hotels. It includes separate indices for each of the three categories of hotels (due to their dissimilar operating cost profiles) and an index for all hotels.

The price index for all hotels rose 1.9% this year, somewhat less than the increase in the apartment price index. The primary differences between the hotel index and the apartment index were in the taxes and utilities components. Taxes rose only 1.5% overall (versus 2.4% in apartment buildings) due to a slight decrease in taxes for large hotels. Utilities actually fell 1% (versus a 2.9% increase in the apartment sector) because hotels spend less of their budget on gas and water/sewer costs and more on electricity. Electricity costs fell approximately 3%.

Among the different categories of hotels, the increases were: Hotels 1.4%, Rooming Houses 1.7%, and SROs 2.0%. The smaller rate of increase for the "Hotels" category was largely due to a slight decrease in taxes for these buildings (versus increases of 3.3% and 2.4% for Rooming Houses and SROs respectively). In addition, labor (which rose modestly) is a large portion of the cost of running Hotels.

Rent-Stabilized Lofts

The increase in the Loft Index this year was 2.5%, just slightly larger than the increase for apartments. Fuel costs were up somewhat more in lofts than in other rent-stabilized buildings, but this disparity was evened out by a below average increase in legal fees, which comprises a large part (11%) of the loft index. In all other respects, increases in the Loft Index were quite similar to increases in the Apartment Index.

1997-98 PIOC Projections

Estimating future change in the PIOC has been relatively difficult in recent years. Volatile weather

patterns combined with uncertain political conditions have destabilized the price of fuel oil, natural gas, and electricity to the point where the entire index has fluctuated by six percentage points over one year. Drastic and somewhat cyclical shifts in local fuel prices often mask smaller changes in non-fuel related costs, obscuring the long term movement of the PIOC.

This year, however, operating costs in rent-stabilized apartment buildings were fairly stable, increasing by 2.4% versus our projection of 2.7%. Property taxes, labor, and utility costs all rose less than estimated, while the price of fuel, contractor services, and administrative costs grew faster than anticipated. We expect operating costs to remain stable in the coming year, rising by only 1.8% due to relatively flat labor costs and utility rates (except for water and sewer fees) along with slightly declining fuel prices. The "core" PIOC, which measures long term local trends by factoring out shifts in fuel prices, gas, and electricity rates, should rise slightly more next year, by 2.6%, due to relatively rapid increases in taxes and contractors and administrative costs.

Taxes +3.0%

Property taxes comprise roughly a quarter of the PIOC. From the mid-1980's to the early 1990's, taxes often rose faster than the overall PIOC. Recently however, intervention by the City Council in the determination of levy shares and tax rates has dampened this trend, and will probably continue to do so this year.

New York City's tax burden is redistributed every year among various types of property in the City. Since 1990, Class Two properties (which include rent-stabilized buildings) have assumed a greater share of the City's tax levy, mainly because of sharp drops in the value of office and retail properties. While commercial real estate, particularly in Manhattan, is regaining value, Class Two properties are expected to carry a greater portion of the City's tax levy next year. However, the rising value of many apartment buildings should preclude the need to raise tax rates on Class Two properties more than two-tenths of a percentage point (.2%).

Class Two properties include co-ops and condominiums as well as apartment buildings. Within this category, rent-stabilized dwellings are classified as either "rental buildings" or "4-10 unit family buildings". Based on the preliminary tax roll, the Finance Department forecasts billable assessments for rental buildings to increase by only 3.1%, while billables for 4-10 family buildings are expected to increase by 4.9%. These are the largest projected increases observed since the early 1990's. However, preliminary assessments are slightly imprecise. Billable assessments should actually rise by 2.6% and 4.4% respectively for rentals and 4-10 unit properties. In sum, assessments for stabilized buildings, which are predominantly classified as "rental" buildings, should increase by 2.8% from 1996 to 1997.

Overall, a fairly flat tax rate for Class Two properties, combined with 2.8% growth in billable assessments for such properties, should produce roughly 3% growth in property tax bills for rent-stabilized buildings next year.

Labor Based Components

(Labor Costs +1.4%, Administrative Costs +3.7% and Contractor Services +2.5%)

As noted above, Labor Based Components in the PIOC include "Labor Costs", comprising the wages and benefits of building maintenance workers (e.g.

CHANGE IN COSTS FOR RENT-STABILIZED HOTEL BUILDINGS, APRIL 1996 TO APRIL 1997

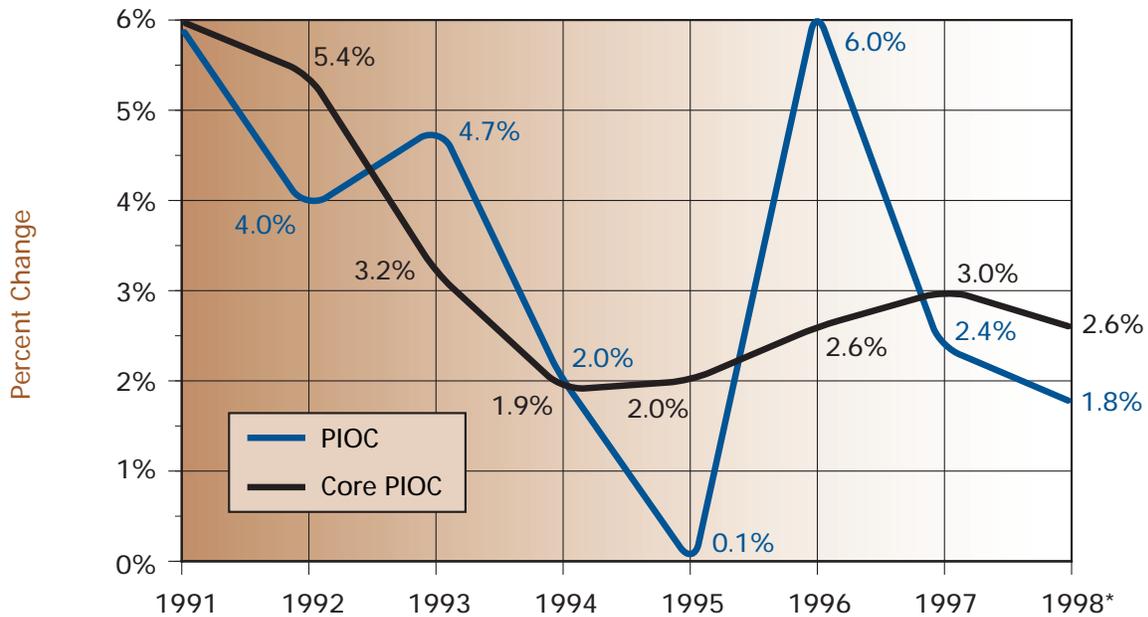
Taxes	1.5%
Labor Costs	3.2%
Utilities Costs	-1.0%
Fuel Costs	1.9%
Contractor Services	3.9%
Administrative Costs	3.9%
Insurance Costs	1.9%
Parts & Supplies	1.0%
Replacement Costs	1.4%
All Costs	1.9%

CHANGE IN COSTS FOR RENT-STABILIZED LOFT BUILDINGS, APRIL 1996 TO APRIL 1997

Taxes	2.4%
Labor Costs	2.3%
Utilities Costs	2.9%
Fuel Costs	1.3%
Contractor Services	3.4%
Administrative Costs, Legal	2.3%
Administrative Costs, Other	4.1%
Insurance Costs	1.9%
Parts & Supplies	1.5%
Replacement Costs	1.0%
All Costs	2.5%

The "Core" PIOC Has Fluctuated Little Since 1994

(Percent Change in the Price Index of Operating Costs and the Core PIOC, 1991-1998)



* Note: The percent change for 1998 was estimated.

Source: Price Indices of Operating Costs, 1991-1997

superintendents, porters, etc.), "Contractor Services", which primarily covers the work of plumbers and painters, and "Administrative Costs", which cover management, legal, and accounting fees.

Growth in wages and benefits this past year was very slight by historical standards, and was the lowest rate observed since 1976. The signing of a new contract with one of the primary unions representing building service workers should not change this trend. This agreement calls for all wage increases for currently employed workers to be offset by lower starting salaries for new employees and part-time help, combined with little or no increase in health care or pension benefits. Along with relatively modest growth in non-union wages as well as benefits, Labor Costs should rise by only 1.4%.

Increases in "Administrative Costs" and "Contractor Services" are projected by averaging the growth rates observed in each component over the past three years. Administrative costs have been fairly stable over the decade, and should rise by 3.7% over the next year. The

price of contractor services has been more variable in the recent past, but should increase by 2.5% next year.

Fuel -4.8%

The cost of fuel oil depends heavily on volatile weather patterns as well as political and economic variables that cannot be reliably predicted. Given these drawbacks (and barring unforeseen natural or geopolitical events), fuel oil prices in New York City should fall 4.8% from their currently high level in the coming year due to a variety of factors. This drop will be mainly propelled by increases in world-wide oil production, which will meet rising demand caused by continued, though weaker, growth in the nation's economy.

The Energy Information Administration (EIA) currently projects that imported oil prices will fall from \$23 per barrel to roughly \$20.50 between the fourth quarter of 1996 and the fourth quarter of 1997. This forecast is driven by an assumption that rising world-wide demand for oil will be met by increased

production, primarily from non-OPEC producers who will continue to become more efficient. It also assumes that growth in national Gross Domestic Product (GDP) will remain at 2.7% through 1997 before declining to 2% in 1998, causing U.S. oil demand to stay relatively constant. However, "normal" winter weather, which is colder than that experienced this year, should temper declines in fuel oil prices.

Overall, using EIA forecasts that increasing global production will fully meet increases in demand, combined with "normal" weather conditions, fuel oil prices in the New York area should decline by 4.8% in 1997.

Insurance Costs +2.7%

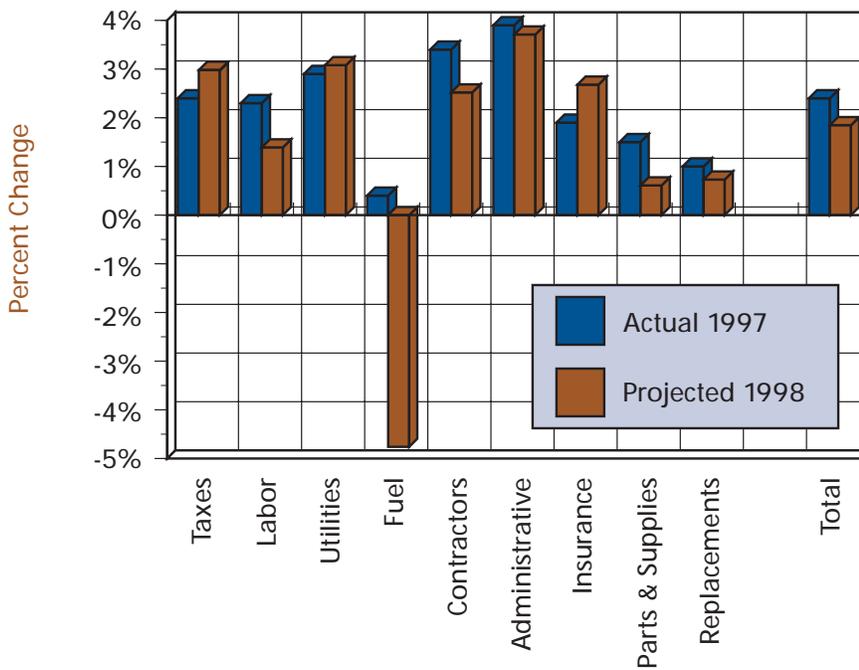
Insurance Costs for rent-stabilized buildings rose very modestly last year, after increasing by more than 5% in 1994 and 1995. Based on the latest three-year weighted average, Insurance Costs should rise by 2.7% over the coming year.

Utility Costs +3.1%

In the PIOC, the price of electricity, natural gas, water and sewer service, purchased steam, and telephone service are grouped as "Utility Costs". Water and sewer costs alone account for nearly 60% of this index, while electricity and gas comprise another 35% of the category.

Costs are Projected to Increase Moderately from 1997 to 1998

(Actual and Projected increases in Operating Costs)



Source: Price Index of Operating Costs, 1997; PIOC projection for 1998

Next year the overall price of utilities should rise by 2.9%. The bulk of this growth will come from rising water and sewer rates (6.5%), combined with stable natural gas and electricity prices, which should not increase respectively by more than 0.4% and 0.2%.

The New York State Public Service Commission (PSC) estimates that electricity rates, which dropped slightly in April, will remain stable through 1997. Additionally, the PSC predicts that falling oil prices should depress, or at least stabilize, fuel adjustment charges (FAC's) over the year. Thus, the price of electricity will be stable over the coming year, barely increasing by 0.2%, if climate patterns follow normal trends and the price of fuel behaves as predicted. Future increases will be limited as well by the terms of an agreement recently signed between Consolidated Edison and the PSC, which should lower electrical rates slightly in future years for residential customers. However, since actual price changes in electricity are governed much more by changes in FAC's, the ultimate effect of this agreement on the costs faced by stabilized buildings should be minimal.

Like electricity rates, natural gas rates should remain constant next year, as domestic and world-wide production increases to meet demand. Both Con Ed and Brooklyn Union Gas project stable or declining prices, which should be passed on to their customers, even though increases in wages and transmission costs will dampen total savings. Assuming normal Winter conditions, which will bring colder weather than was experienced this year, these factors should ultimately produce negligible growth in gas rates of 0.4% in New York City over the next year.

During the past ten years, water and sewer rates have grown the fastest of all the components of the Utility Cost category. After many double digit increases, water and sewer rates were frozen from 1993 to 1995. Rates were unfrozen in 1996, and rose by 4.8% in that year and by 6.5% last year. A similar increase of 6.5% should occur over the coming year, given current proposals before the New York City Water Board.

In total, a 6.5% increase in water and sewer charges, combined with slight growth in natural gas prices and stable electricity rates, should cause Utility Costs to rise by 3.1% in 1997.

Parts & Supplies +0.6%

Parts and Supplies has usually played a very small role in the PIOC, comprising less than 3% of the index in

1997. Over the last three years, growth in this component has been modest, even though such costs increased faster than projected last year. Based on the latest three-year average, the cost of Parts and Supplies should increase by 0.6%.

Replacement Costs +0.7%

This component accounted for about 1% of the entire price index in 1997. This past year, Replacement Costs were stable, increasing by only 1%. According to the current three year price trend, Replacement Costs should rise by 0.7% over the next year.

Commensurate Rent Increase

Throughout its history, the Rent Guidelines Board has used a formula, known as the "commensurate rent increase", to help determine annual rent increases for rent-stabilized apartments. In essence, "the commensurate" combines various data concerning operating costs, revenues, and inflation into a single measure indicating how much rents should rise for earnings in stabilized buildings to remain constant in prevailing economic conditions. As such, the different types of commensurate increases described below are estimates, and are primarily meant to provide a foundation, and not a ceiling, for discussion concerning prospective guidelines.

The mathematical character of the commensurate formulae allow them to present a range of guidelines as suitable for preserving the earnings of building owners over one or two years. For example, given conditions indicated in this year's PIOC and Income & Expense Studies, One Year Guidelines ranging from 1% to 3% and Two Year Guidelines ranging from 2% to 5% would preserve the earnings of building owners.

In its simplest form, the commensurate rent increase is the amount of rent growth needed to maintain landlords' current dollar net operating income (NOI) at a constant level. Given an increase in operating costs of 2.4%, as indicated by the PIOC, the commensurate rent increase for this year is 1.6% for a one year lease and 2.2% for a two year lease.¹

As a means of compensating landlords for cost increases, the "traditional" commensurate rent increase has two major flaws. First, although the formula is supposed to keep landlords' current dollar income constant, the formula does not consider the mix of one and two year lease renewals. Since only two-thirds of leases are renewed in any given year, with a preponderance of leases having a two year duration,

the formula does not necessarily accurately estimate the amount of income needed to compensate landlords for past O&M increases.

A second possible flaw of the commensurate formula is that it does not consider the erosion of landlords' income by inflation. By maintaining current dollar net operating income at a constant level, adherence to the formula may cause profitability to decline over time. However, such degradation is not an inevitable consequence of using the commensurate formula.²

Two alternatives to the "traditional" commensurate method have been used by the Rent Guidelines Board. The first, called the "Net Revenue" approach, adjusts for the mix of lease terms. While this takes into consideration the types of leases actually signed by tenants, it does *not* adjust landlords' NOI for inflation. Under the "Net Revenue" formula, a guideline which would preserve NOI in the face of this year's 2.4% increase in PIOC is 1.5% for a one year lease and 3.0% for a two year lease.³

Another alternative to the traditional commensurate rent increase considers lease terms while adjusting NOI upward to reflect inflation, keeping *both* O&M and NOI constant. This is commonly called the "CPI Adjusted NOI" formula. A guideline which would preserve NOI in the face of the expected 2.5% growth in the Consumer Price Index and the 1.8% rise in the PIOC is 2.5% for a one year lease and 4.5% for a two year lease.⁴

All of these methods have their limitations. The traditional commensurate increase is artificial and does not consider the impact of lease terms or inflation on landlords' income. The "Net Revenue" formula does not attempt to adjust NOI based on changes in interest rates or deflation of landlord profits. The "CPI Adjusted NOI" formula inflates the debt service portion of NOI, even though interest rates have been falling, rather than rising over recent years.

Each of these formulae may be best thought of as a starting point for deliberations. Staff's other research (e.g. the mortgage survey and the I&E study) and testimony to the Board can be used to modify the various estimates depending on these other considerations. □

"TRADITIONAL"
COMMENSURATE INCREASE

<u>1 Year Lease</u>	<u>2 Year Lease</u>
1.6%	2.2%

"NET REVENUE" INCREASES

<u>1 Year Lease</u>	<u>2 Year Lease</u>
1.5%	3.0%

"CPI ADJUSTED NOI"
INCREASES

<u>1 Year Lease</u>	<u>2 Year Lease</u>
2.5%	4.5%

End Notes:

1. The collectability of legally authorized increases is assumed. Calculating the "traditional" Commensurate Rent Increase requires an assumption about next year's PIOC. In this case we use 1.8%, staff's projection for 1998.
2. Whether profits will actually decline depends on the level of inflation, the composition of net operating income (i.e. how much is debt service and how much is profit), changes in tax laws, and interest rates.
3. The following assumptions were used in the computations: (1) The required increase in landlord revenue is 1.6%, or 66.1% of the 1997 PIOC increase of 2.4%. The 66.1% figure represents the ratio of average audited operating costs to average rents in stabilized buildings; (2) These lease terms are only illustrative. Other combinations of one and two year lease increases could also result in a 1.6% revenue increase. (3) Lease terms were derived from the 1993 NYC Housing and Vacancy Survey. According to the HVS, 66.2% of tenants renew their leases in a given year. The increase in landlords' revenue reflects this lease distribution.
4. Note: The NOI was adjusted upward by the most recent yearly increase in the Consumer Price Index, March 1996 to March 1997, which amounted to 2.5%.

The Rent Guidelines Board

Income & Expense Study

WHAT'S NEW

Owners of rent-stabilized apartment buildings, according to their own financial records, had a good year in 1995. Rents and revenues rose faster than operating costs in the City's stabilized stock for the third year in a row, causing Net Operating Income (NOI, revenue left over after operating expenses) to increase by an average of 8%. This growth rate was similar to that experienced in the City's unregulated housing stock, which the RGB analyzed for the first time this year.

Overall, these trends have helped the City's stabilized market recover from the effects of the recession of the early 1990's, to the point where typical inflation-adjusted net earnings approached levels observed in the late 1980's. However, New York City's persistently high unemployment and tepid economic growth may hinder the future ability of owners to collect the kind of rent increases they have been able to achieve in recent years.

- ✓ Rental income in stabilized buildings rose by 4.3% from 1994-95.
- ✓ Total income rose by 4.4% from 1994-95.
- ✓ Operating costs rose by 2.5% from 1994-95.
- ✓ Net income in stabilized buildings rose by 8% from 1994-95.

The fortunes of New York City's rental housing market have dramatically changed in recent years. Among rent-stabilized properties, this turnaround started in 1993, when rents and revenues outgrew operating costs for the first time since 1990. These trends intensified in 1994, as local economic growth, though limited, boosted revenues and dampened collection losses to the point where profitability approached levels not seen since the late 1980's. In 1995, these conditions remained in effect, further raising earnings in the City's rent-stabilized housing, and signaling an almost complete recovery from the ravages of the recent recession.

The Rent Guidelines Board (RGB) has monitored conditions in New York's rental housing market since the City's Rent-Stabilization Law was enacted in 1969. For many years, the Board formed its view of the market almost exclusively from its Price Index of Operating Costs (PIOC), a survey of prices for various goods and services required to maintain apartment buildings. Despite on-going complaints from both tenant and landlord groups about its accuracy, the PIOC was ultimately the major influence affecting the Board in determining annual rent increases for rent-stabilized apartments.

In 1990, the RGB acquired new data that permitted the PIOC's accuracy to be verified: income and expense (I&E) statements of rent-stabilized buildings from the Department of Finance. These I&E statements, filed annually by property owners, detail revenues earned, and maintenance costs incurred, by "income producing" properties such as apartment buildings. I&E statements are particularly useful because they not only describe conditions in rent-stabilized housing in a given year, but also illuminate changes in conditions over a two year period. Ultimately, I&E data, by encompassing both revenues and expenses, allows the Board to more effectively evaluate the overall condition of New York's rent-stabilized housing. This I&E Study determines conditions in New York's rent-stabilized housing market in 1995, and the extent by which these conditions changed from the year before.

Local Law 63

Local Law 63, enacted by the New York City Council in 1986, requires owners of apartment buildings to annually file Real Property Income and Expense (RPIE) statements with the Department of Finance. This mandate produces detailed financial records on thousands of rent-stabilized buildings every year, despite the fact that cooperatives, condominiums, buildings with fewer than 11 units, and those assessed for less than \$40,000 are exempt from filing. While data on individual properties is strictly confidential, the Department of Finance is allowed to release summary statistics of RPIE data.

Since 1990, the RGB has received data on samples of rent-stabilized properties that file RPIE forms. Samples in the first two studies were limited to 500 buildings, because RPIE files were not automated. Upon computerization of all I&E filings several years ago, the size of samples has risen to over 10,000 properties.

Methodology

This year, the Income & Expense Study has been expanded to analyze the financial condition of *both* rent-stabilized and unregulated apartment buildings. This was done by making additional efforts to obtain records for buildings not subject to rent regulation. The methods used for drawing rent-stabilized buildings were unchanged from last year.

The information in this report was gleaned from 1996 RPIE forms filed with the Department of Finance by owners of apartment buildings with eleven or more dwellings. Both cross-sectional and longitudinal data were obtained for stabilized and non-stabilized buildings. Cross-sectional data comes from properties that filed RPIE forms in 1996, and is used to compute average rents, operating costs, etc. Longitudinal data encompasses properties that filed RPIE forms in both 1995 and 1996, and describes changes in average rents, operating costs, etc. Analysis of filing dates shows that RPIE forms reflect conditions around July of the previous calendar year. Thus, cross-sectional data in this report measures conditions in effect throughout 1995, while longitudinal data measures changes in conditions that occurred from 1994 to 1995.

This year, 13,277 rent-stabilized and 1,909 non-stabilized apartment buildings were analyzed in the cross-sectional study, and 11,868 stabilized and 1,461 non-stabilized properties were examined in the longitudinal study. Buildings were sampled by matching a list of 40,000 properties registered with the New York State Division of Housing and Community Renewal (DHCR) in 1994 with buildings that filed a 1996 RPIE statement (or 1995 and 1996 statements for the longitudinal sample). Buildings not on the RGB's list of stabilized properties were classified as "non-stabilized", and were presumed to be unregulated, provided they were not registered as tax exempt. Since this is the first year a sample of non-stabilized buildings was studied, the findings in this report for non-stabilized buildings should be treated with caution. Further refinement of the sampling process is probably necessary to completely weed out properties governed by Section 8 subsidies or other federal, state, or local subsidy programs from our pool of "non-stabilized" buildings.

Once drawn, preliminary building samples were "cleansed" by rejecting properties that met the following criteria:

- They contained fewer than 11 units. Owners of buildings with fewer than 11 apartments (without commercial units) are not required to file RPIE forms;
- Owners did not file a 1996 RPIE form for the cross-sectional study, or a 1995 and a 1996 RPIE form for the longitudinal study;
- No unit count could be found in RPIE filings;
- No "apartment rent" was recorded on the RPIE forms. In these cases, forms were improperly completed or the building was vacant;

Three additional methods were used to weed out inaccurate building information which could have distorted the final results:

- In early I&E studies, Finance used the total number of units from the RPAD (assessed value) file to classify buildings by size and location. Board researchers found that sometimes the unit counts on RPIE forms were different than those on the RPAD file. It was decided that residential counts from the RPIE form were more reliable.
- Average monthly rents for each building were compared to rent intervals for each borough, computed from the 1993 Housing and Vacancy Survey to control data quality. Properties with average rents outside of the ranges were removed from all samples. This year, 399 buildings were expelled from both samples for this reason. Most (238) of these buildings were expelled for having average rents below \$100 per month, although 161 buildings with average rents in excess of \$2000 per month were also removed.
- Buildings in which operating costs exceeded income by more than 300% were excluded from both the cross-sectional and longitudinal samples. Eight properties were excluded from each sample for this reason. Among these buildings, operating costs exceeded revenues by an average of eight times in 1995.

As in prior studies, after compiling both samples, Finance categorized sample data into "cells" reflecting particular types of buildings throughout the five boroughs (such as structures with 20-99 units built in Brooklyn before 1947).

Cross-Sectional Study

Rents

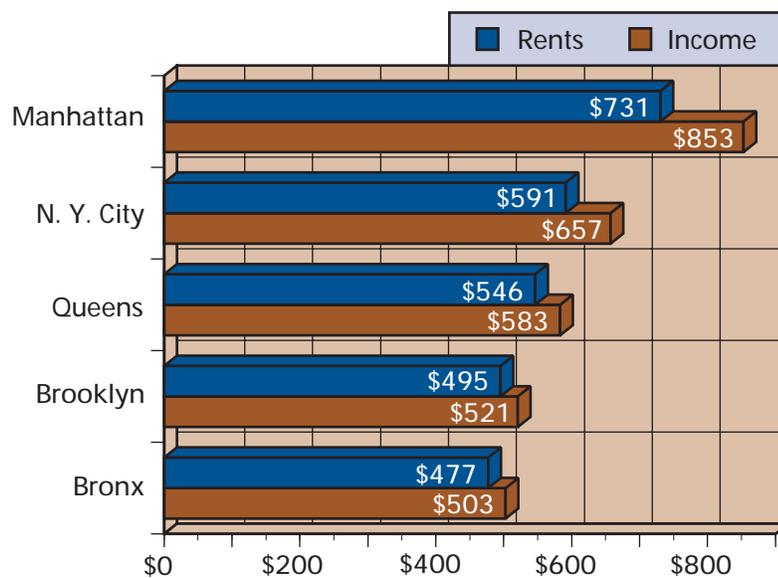
In 1995, rent-stabilized property owners collected monthly rents averaging \$591 per unit. As in prior years, units in pre-war buildings rented for less (an average of \$534 per month) than those in post-war buildings (\$739 per month). Stabilized rents were highest in Manhattan (\$731), followed by Queens (\$546), Brooklyn (\$495) and the Bronx (\$477).

Rents stated in RPIE filings tend to be lower than figures obtained from both the triennial New York City Housing and Vacancy Survey (HVS) and the New York State Division of Housing and Community Renewal (DHCR). This is primarily because RPIE averages measure rent actually *collected* each month, while the others deal strictly with contract rents (i.e. the amounts stated on leases). RPIE information also reflects rents collected over a 12-month period, while HVS figures apply to contract rents in effect during the three months of the survey.

Despite this anomaly, the “gap” between RPIE rents and HVS/DHCR rents is a good estimate of vacancy and collection losses incurred by building owners, and the relative change in this “gap” is one way of estimating the change in such losses from year to year. Reduced variation probably indicates that building owners are collecting a greater portion of their legal rent roll due to lower vacancies and fewer “preferential rents” and non-paying tenants. That said, declines in the number of rent-controlled apartments also lowers the difference between the two averages.

In 1995, Stabilized Rents Were Highest in Manhattan

(Average Monthly Collected Rent/Income per Dwelling Unit by Borough)



Source: NYC Dept. of Finance, 1996 RPIE Filings

Note: Not all stabilized properties in Manhattan had high rents in 1995. Buildings located in northern Manhattan collected an average of \$496 per unit in monthly rent, as opposed to the \$865 per unit typically earned by their counter-parts to the south. Buildings in northern Manhattan earned total revenues averaging \$551 per unit per month, while those below East 96th and West 110th Streets generally earned a total of \$1025 per unit per month.

The “gap” between RPIE and DHCR rents has fallen steadily since 1991, when the average I&E rent was 15% lower than DHCR’s mean registered rent. By 1994, this differential had fallen to 12%. Current RPIE returns indicate the gap between I&E rent and DHCR’s mean stabilized rent fell to 10% in 1995, double the decline observed in last year’s Income & Expense Study. The fact that average RPIE rents increased faster (4.3%) from 1994 to 1995 than the RGB’s rent index (2.8%) further suggests that stabilized building owners may be deriving additional revenues from lower vacancies and fewer non-payment actions rather than from guideline rent increases. However, the RGB Rent Index does not account for rent increases from apartment refurbishing and building improvements, which are undoubtedly playing a role in the current recovery.

Many owners of stabilized buildings augment their apartment rents by selling services to their tenants as well as by renting commercial space. Current RPIE filings show an average monthly gross income of \$657 per rent-stabilized unit in 1995, with pre-war buildings earning \$593 per unit and those in post-war properties earning \$824 per unit. These figures encompass rent from stabilized apartments as well as the sale of services (e.g. laundry, garages/parking) and commercial income. Such proceeds constituted roughly 10% of the total income earned by building owners in 1995. Manhattan owners particularly benefit from commercial income, with 14% of their revenues coming from commercial units and services. The respective figures for the other boroughs were 6% in Queens, and 5% each in Brooklyn and the Bronx.

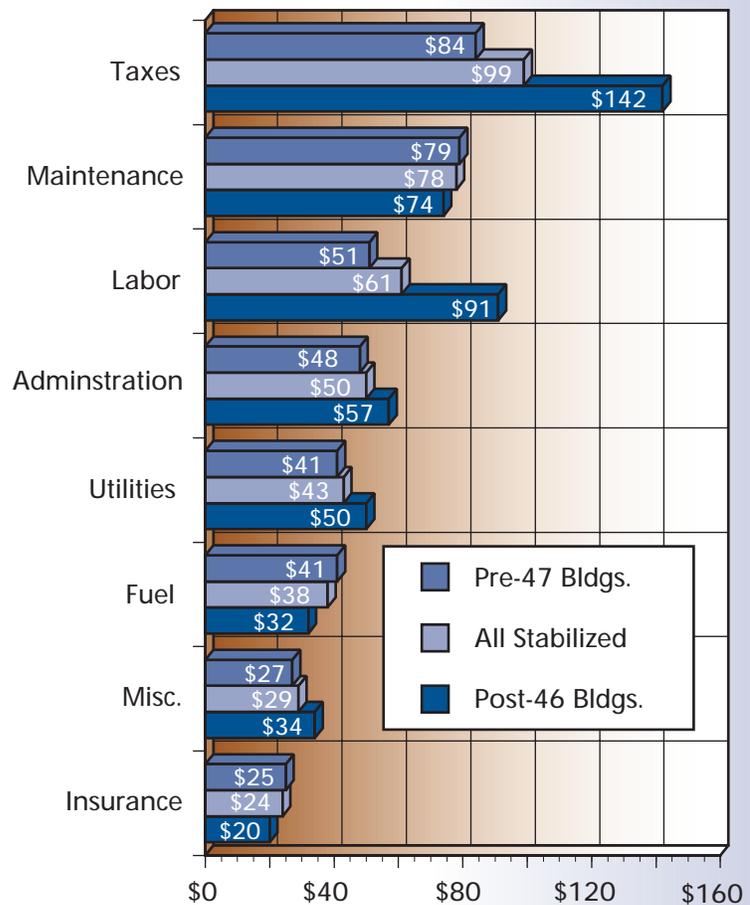
Operating Costs

Rent-stabilized apartment buildings incur considerable expenses in the course of their operation. RPIE filings include data on eight categories of maintenance costs. In contrast to revenues, however, this data does not distinguish between expenses for commercial space and those for apartments, making the calculation of “pure” residential operating and maintenance costs impossible. Thus, the residential operating costs reported below are rather high because they include maintenance costs for commercial space.

The average monthly operating cost for stabilized units was \$425 in 1995. Costs were substantially lower in units situated in pre-war buildings (\$396), and much higher in the post-war sector (\$503). Geographically,

Taxes Were the Largest Single Cost in 1995

(Average Monthly Expense per Dwelling Unit per Month)



Note: Totals in this chart may not add exactly to those mentioned in the text due to weighting and rounding.

Source: NYC Dept. of Finance, 1996 RPIE Filings

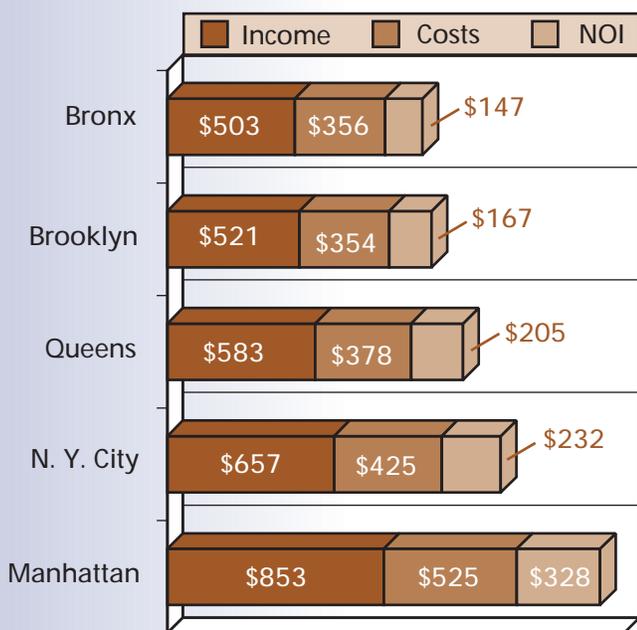
costs resembled the distribution of average rents, being lowest in Brooklyn (\$354) and highest in Manhattan (\$525).

Since 1990, Department of Finance and RGB staff have tested RPIE expense data for accuracy. Initial examinations found that most “miscellaneous” costs were actually administrative or maintenance costs, while 15% were not valid business expenses. Further audits on the revenues and expenses of forty-six rent-stabilized properties in 1992 discovered that O&M costs stated in RPIE filings were generally exaggerated by 8%. Costs tended to be less accurate in small (11-19 units) properties and most precise for large (100+ units) buildings. However, these results are somewhat inconclusive since several owners of large stabilized properties refused to cooperate with Finance’s assessors.

Expense reductions were concentrated in three categories: maintenance, administration, and miscellaneous costs. Maintenance had to be lowered by an average of 11% for all buildings, while administration and miscellaneous costs were respectively trimmed by 25% and 37%. Adjustment of 1995 RPIE data by the results of the 1992 audits reduces the monthly average O&M cost for stabilized units from \$425 to \$391.

Just as buildings without commercial space typically generate less revenue than stabilized properties with stores, operating expenses in these buildings were generally lower than in buildings with a mixture of uses. Audited monthly O&M costs for buildings without commercial units were about \$34 lower (\$357) than the average for all buildings in 1995. As in last year’s Income & Expense Study, most of the difference in costs between the two types of properties stemmed from taxes, maintenance, and labor expenses that were respectively 18%, 11%, and 7% lower on average for buildings without commercial space than for all stabilized properties.

Net Operating Income was Highest in Manhattan During 1995



Source: NYC Dept. of Finance, 1996 RPIE Filings

Net Operating Income and Operating Cost Ratios

In most apartment buildings, revenues exceed operating costs, yielding funds that can be used for mortgage payments, improvements and, after local, state and federal taxes are paid, profit. The amount of income remaining after maintenance expenses are paid is typically referred to as “Net Operating Income” (NOI). While debt service and income taxes then determine the ultimate profitability of a property, NOI is a good indicator of its basic financial condition.

This year, for the first time ever, RGB staff computed NOI for buildings that filed RPIE forms. On average, apartments in rent-stabilized buildings earned \$232 of net income per month in 1995, with units in the pre-war stock earning less (\$197 per month) than those in post-war properties (\$322 per month). As shown in the chart on this page, NOI tended to be much higher for stabilized buildings in Manhattan than for those in the outer boroughs. Average NOI in “all-residential” properties was only \$188 per unit per month in 1995, 19% lower than the norm for all stabilized buildings.

What exactly do these new figures tell us? As the revenue available after payment of operating costs, NOI is the money owners have for financing their buildings, making improvements, and for pre-income tax profits. NOI does *not* say anything about the ultimate profitability of a particular property, which depends on mortgage payments and income taxation, data which is currently unavailable for analysis. That said, multiplying the average monthly NOI of \$232 per stabilized unit by the typical size of buildings in this year's cross-sectional sample (45 units), yields a mean annual NOI figure of roughly \$125,000 for owners in 1995.

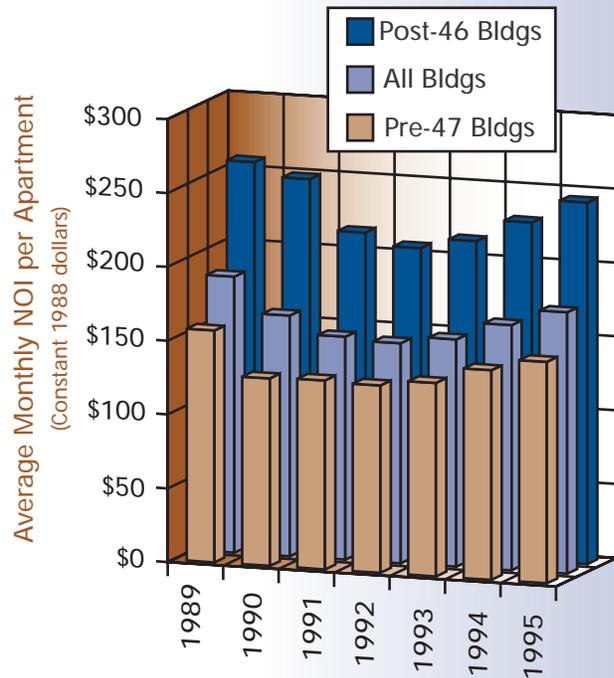
Traditionally, the RGB has used "cost-to-income ratios" to evaluate the profitability of New York's stabilized housing, presuming that buildings are better off by spending a lower percentage of revenue on expenses. Over the last few years the proportion of total income spent on audited operating costs has dramatically declined in stabilized buildings, from an average of 63.4% in 1992 to 59.5% in 1995. As operating costs have consumed less revenue in recent years, *inflation-adjusted* NOI has risen to 95% of the 1989 average, as shown on the adjacent chart.

These figures suggest that New York's stabilized housing market has emerged from the deep recession of the early 1990's and is now experiencing better financial conditions. During the "lean" years, unemployment and collection losses all rose in the City, limiting owners' ability to offset rising operating costs by raising rents. This trend started reversing around 1993, when the City's economy improved to the point where building owners could increase rents (and revenues) faster than costs, which remained stable. However, the City's persistently high unemployment rate may be dampening this recovery, as shown by a slight slow down in the decline of the average cost-to-income ratio. Furthermore, 1996 HVS data indicates that recent rent increases may have raised vacancies, limiting owners' leeway to hike rents. Such effects, if present, should appear in next year's RPIE filings.

Non-Stabilized Buildings

Traditionally, the Income & Expense Study had dealt strictly with conditions in rent-stabilized buildings. As noted earlier, this year RGB staff, with the help of the Department of Finance, compiled data on non-stabilized apartment buildings that filed 1996 RPIE forms. Since most of these buildings in New York have fewer than eleven dwellings, and are thus not required to post RPIE statements, the number of properties for which RPIE data was gathered was much lower (1,909) than the number of stabilized properties. However, this number of buildings is sufficiently large to calculate reliable statistics about non-stabilized buildings with eleven or more units.

After Inflation, NOI is Approaching Levels Last Seen in the Late 1980's



AVERAGE MONTHLY NOI PER APARTMENT (constant 1988 dollars)

	1989	1990	1991	1992	1993	1994	1995
<u>POST-46</u>	\$258	\$249	\$215	\$207	\$214	\$229	\$245
<u>ALL</u>	\$187	\$163	\$151	\$149	\$154	\$166	\$177
<u>PRE-47</u>	\$157	\$127	\$128	\$127	\$131	\$142	\$150

RGB RENT INDEX*

	1989	'90	'91	'92	'93	'94	'95	'96
<u>Rent Index</u>	6.3%	6.2%	4.7%	4.0%	3.3%	3.0%	2.8%	4.5%

* The RGB Rent Index estimates the overall effect of the Board's guideline rent increases for a given year. However, it includes neither the effects of administrative rent increases (for apartment or building-wide improvements) nor preferential rents (ie. rents below established legal maximums). Because the RGB's guidelines are based on an October 1 to September 30 year, the Rent Index must be adjusted for comparison to RPIE data.

Source: NYC Dept. of Finance, 1996 RPIE Filings

Income and Expense

UNREGULATED BUILDINGS FACED HIGHER OPERATING COSTS IN 1995 (Monthly Operating Cost per Dwelling Unit)

	Stabilized Buildings	Unregulated Buildings
Property Taxes	\$99	\$110
Labor Costs	\$61	\$99
Fuel Costs	\$38	\$39
Utilities	\$43	\$55
Maintenance	\$78	\$93
Administrative	\$50	\$70
Insurance	\$24	\$28
Miscellaneous	\$29	\$35
Total*	\$425	\$529

* Note: Totals may not add to other figures in this report due to weighting and rounding.

Source: NYC Dept. of Finance, 1996 RPIE Filings

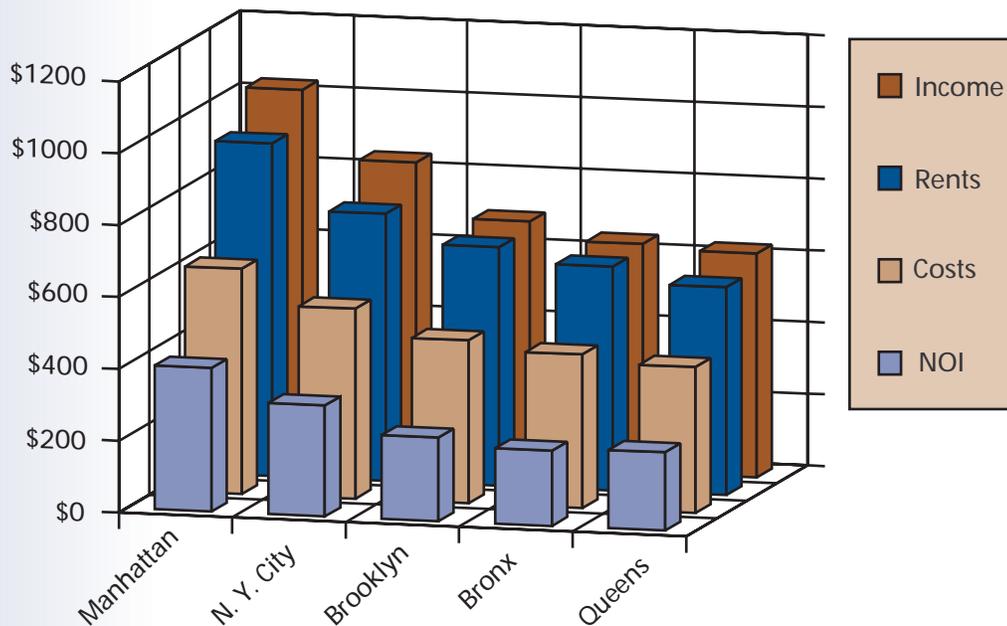
As expected, non-stabilized properties generally earned higher revenues than stabilized buildings in 1995. Rents in market-rate buildings averaged \$744 per month, while gross income averaged \$838 per month. As in the stabilized sector, average rents and income were greater in modern buildings (respectively \$807 and \$896 per month) than in older ones (respectively \$712 and \$757 per month).

Geographically, average rents for market-rate units ranged from \$927 per month in Manhattan, \$664 per month in Brooklyn, \$623 per month in the Bronx, and \$579 per month in Queens, as illustrated in the chart below. The gulf between Manhattan and the outer boroughs is likely due in part to differences in building size, since rents in small (11-19 units) and medium sized (20-99 units) non-stabilized buildings were typically much lower (\$676 and \$665 per month) than in large properties (\$912 per month). Surprisingly, the difference between Manhattan and outer borough rents in non-stabilized buildings is not much larger than that observed for stabilized rents. Since living space is at a premium in Manhattan, we expected to observe a greater difference between non-stabilized rents in the borough and rents for units elsewhere in the City.

Similar to rents and income, operating costs in non-stabilized buildings tended to be higher than in their stabilized counterparts. On average, expenses for market-rate units totalled \$529 per month, ranging from \$506 per month in pre-war buildings and \$545 per month in post-war properties. Audited operating costs for all non-stabilized units totalled \$487 per month, and comprised (59.5%) of total income, slightly lower than in the stabilized

Non-stabilized Rents were Highest in Manhattan During 1995

(Average Monthly Income, Rent, Operating Cost, and Net Operating Income per Dwelling Unit)



Source: NYC Dept. of Finance, 1996 RPIE Filings

stock. Expenses in non-stabilized buildings were higher across all expense categories measured in RPIE filings. Average labor and administrative costs were particularly high compared to the stabilized norm, followed by utilities, miscellaneous, and maintenance. Most of this difference stemmed from the fact that non-stabilized buildings tended to be slightly newer and larger, on average, than their stabilized counterparts in 1995. However, the size of the cost “gap” between stabilized and non-stabilized properties indicates that the typical level of service offered in the private market stock may be higher, requiring greater outlays to maintain.

With higher average revenues and operating costs, it is no surprise that non-stabilized apartment buildings tended to earn higher NOI than their stabilized counterparts in 1995. On average, net income was \$309 per unit per month, equivalent to \$204,000 annually for the typical non-stabilized building in this year’s cross-sectional sample. As in the stabilized stock, older properties tended to have below-average NOI (\$251 per unit per month) while modern buildings had above average NOI (\$351 per unit per month). Again, as illustrated in the chart on the previous page, NOI was greater for non-stabilized buildings located in Manhattan (\$400 per unit per month) than for similar properties located in Brooklyn (\$233 per unit per month), Queens (\$218 per unit per month), and the Bronx (\$209 per unit per month).

Longitudinal Study

Rents

In the face of a resurgent local economy, average rents in stabilized buildings rose by 4.3% in 1995, slightly lower than the increase observed during 1994 (4.5%). Similar to last year, rents in older (pre-47) buildings grew faster (4.4%) than those in more modern (post-46) properties (4.1%), although this variance narrowed over the year. Rents increased by 4.4%, 4.5%, and 4.1% for small (11-19 unit), medium (20-99 unit), and large (100+ unit) buildings respectively.

As shown on the map on the next page, rent growth in stabilized buildings from 1994-1995 was uneven across the City. In Manhattan, rents rose briskly in the “Core”, the area below East 96th and West 110th Streets, with increases between 4.1% and 8% in six out of seven Community Districts. However, in the poorer neighborhoods to the north rent growth was generally more modest, averaging less than the borough average (4.8%) everywhere except for East Harlem. These

patterns partially explain why average rents in Manhattan rose faster than the City as a whole for the third consecutive year. In contrast, rent growth in Brooklyn was lower (3.3%) than the Citywide norm, while also being much more variable. Rent collections actually declined in Greenpoint, Crown Heights, and Sunset Park while those in Brooklyn Heights and Sheepshead Bay increased by more than 10%. Rents in the Bronx were more stable, rising by an average of 3.5%. Rents increased slightly throughout the borough, rising more than 5% only in the Highbridge and Soundview/Parkchester areas. In Queens, stabilized rents rose by 3.4%, with all applicable Community Districts recording modest gains.

Recently, rent collections measured by RPIE filings have risen faster than expected, outpacing growth in both the RGB Rent Index and DHCR’s registered rents. From 1992 to 1994, RPIE rents grew by 8.5%, exceeding both the RGB’s rent index (6.4%) and the increase observed in DHCR registered rents (6%). This trend continued in 1995, as growth in rent collections (4.3%) exceeded that in the Rent Index (2.8%) and DHCR registered rents (2.3%). While comparisons between these variables are imperfect due to differences in measurement periods, they provide some evidence that growth in stabilized rents is continuing to be propelled mainly by reductions in vacancy and collection losses, which allow building owners to keep a greater portion of their rent rolls. Rising investment in property improvements may also be boosting rent collections, since the costs of renovating building-wide systems and individual apartments can be added to stabilized rents. These types of rent increases are not factored into the RGB Rent Index. Although hard data is unavailable, it seems logical to assume that sustained growth in rents and revenues would induce owners to upgrade their properties.

The total income collected in rent-stabilized buildings, comprising apartment rents, commercial rents, and sales of services, increased by 4.4% in 1995, slightly lower than the rate observed in the previous year. Revenues rose at equal rates in both pre-war and post-war buildings. Similar to last year’s findings, income grew by 5.2% in small buildings, 4.1% in medium-sized ones, and 4.4% in large properties.

Operating Costs

In 1995, expenses in stabilized buildings grew slower (2.5%) than both rents and revenues for the third consecutive year. Costs rose slightly less in modern

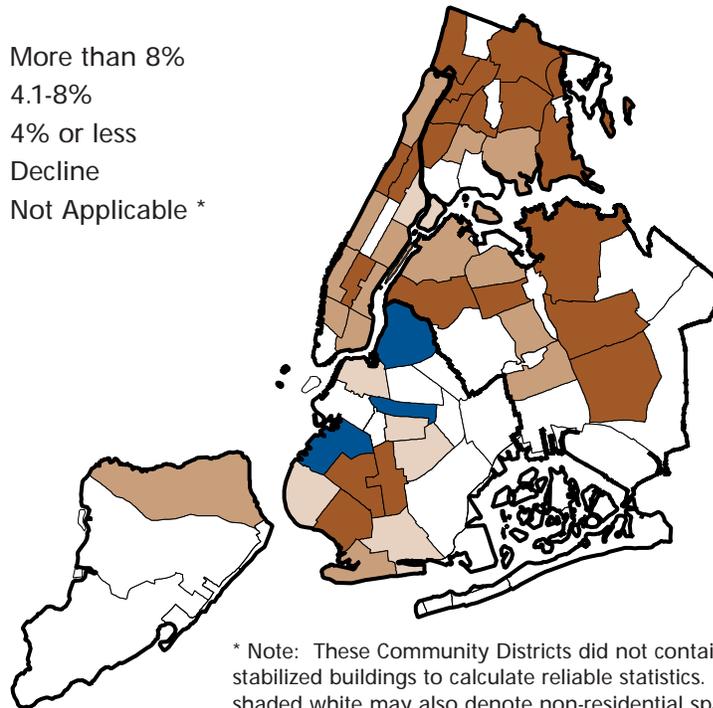
Overall, Stabilized Rents Rose Fastest in Manhattan in 1995

(Change in Collected Rent, 1994 to 1995)

RENT INCREASES IN MANHATTAN, 1995:

G. Village	6.8%
L. E. Side	6.3%
U. W. Side	5.6%
Chelsea/Clinton	5.5%
U.E. Side	4.6%
Turtle Bay	4.4%
Midtown	<u>2.4%</u>
	4.9%
East Harlem	8.3%
Washington Hgts	4.8%
Morningside Hgts	3.7%
Central Harlem	<u>0.3%</u>
	4.4%

- More than 8%
- 4.1-8%
- 4% or less
- Decline
- Not Applicable *



* Note: These Community Districts did not contain enough stabilized buildings to calculate reliable statistics. Areas shaded white may also denote non-residential spaces, such as parks and airports.

Source: NYC Dept. of Finance, 1996 RPIE Filings

properties (2.4%) than in pre-war buildings (2.6%). This variance was attributable to administrative, maintenance, and labor costs that rose much more sharply in pre-war buildings over the course of the year. Size influenced cost growth to a much smaller extent than it did the previous year, as costs rose by respectively 2.4%, 2.7%, and 2.3% in small, medium, and large buildings.

While overall cost growth was modest in 1995, some expenses increased more than others. Insurance premiums rose most (6.1%), followed by miscellaneous, labor, and administrative costs (which grew respectively by 4.2%, 4.1% and 3.8%). These gains were offset by stable utilities (1.7% growth) and a 4% decline in fuel costs, brought about by mild Winter weather. Maintenance costs and property taxes, proportionately two of the largest costs faced by building owners, grew modestly, by 2.5% for the former and 2.3% for the latter.

Over the past few years, as the chart on the following page indicates, growth in PIOC-measured costs has consistently differed from expense increases reported in RPIE data. At the start of the decade, when New York's economy started to slide into recession (as indicated by increasing unemployment), the PIOC grew faster than RPIE costs. At the depth of the recession, from 1992 to 1993, when joblessness in the City exceeded 10%, the "gap" between the PIOC and RPIE costs was at its widest. As the national and local economy rebounded, this trend reversed. Over the period from 1993 to 1995 average expenses measured by RPIE filings exceeded the price index by a margin of 5% to 3.2%.

Most of this variance stemmed from faster owner-reported growth in insurance premiums, maintenance costs, utility charges, and property taxes. Similarly, from 1989 to 1993, the PIOC regularly reported higher increases in the insurance, maintenance, and fuel sectors than were actually recorded in RPIE filings.

Comparison of I&E and PIOC data is somewhat distorted due to differences in the way each instrument defines costs and gathers data about them. The PIOC primarily measures prices on an April-to-April basis, while most RPIE statements (88%) filed by landlords are based on the calendar year. To compare the two, weighted averages of each must be calculated, at the price of some accuracy. Despite these drawbacks, it seems that the PIOC may be more “accurate”, in terms of the disparity between I&E and PIOC-measured expenses, as New York’s rent-stabilized housing market emerges from recession. In turn, this may demonstrate that the PIOC is better at tracking costs during economic upswings, when all types of costs are

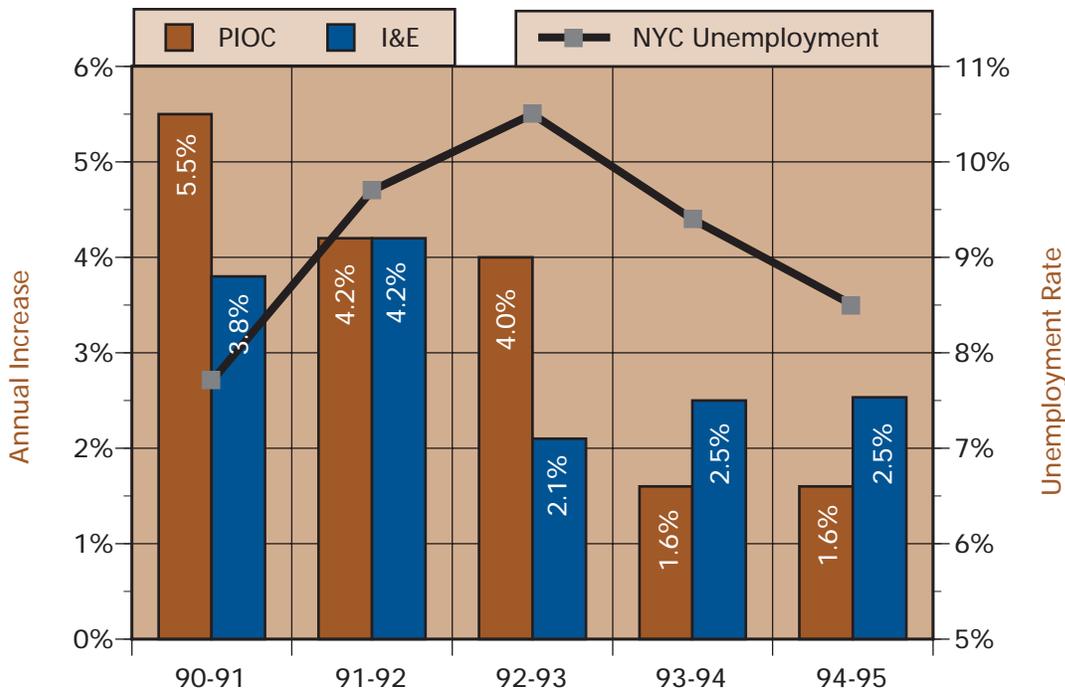
generally increasing, and when accelerating revenue growth induces fewer owners to cut back on maintenance services. Overall, from 1990 and 1995, the PIOC was quite accurate, registering cost growth of 18% in stabilized buildings compared to a 16% increase reported in RPIE filings. This indicates that the PIOC adequately measures long-term expansion in operating costs, at the cost of missing some annual variation.

Net Operating Income and Operating Cost Ratios

Since revenues generally outgrew operating costs in stabilized buildings during 1995, it is not surprising that NOI increased over the year by an average of 8%. As found with other variables, NOI grew faster on average in the pre-war stock (8.4%) than in post-war properties (7.4%). Pre-tax earnings rose most in small buildings (10.9%), followed by large (7.7%) and medium-sized ones (7.1%).

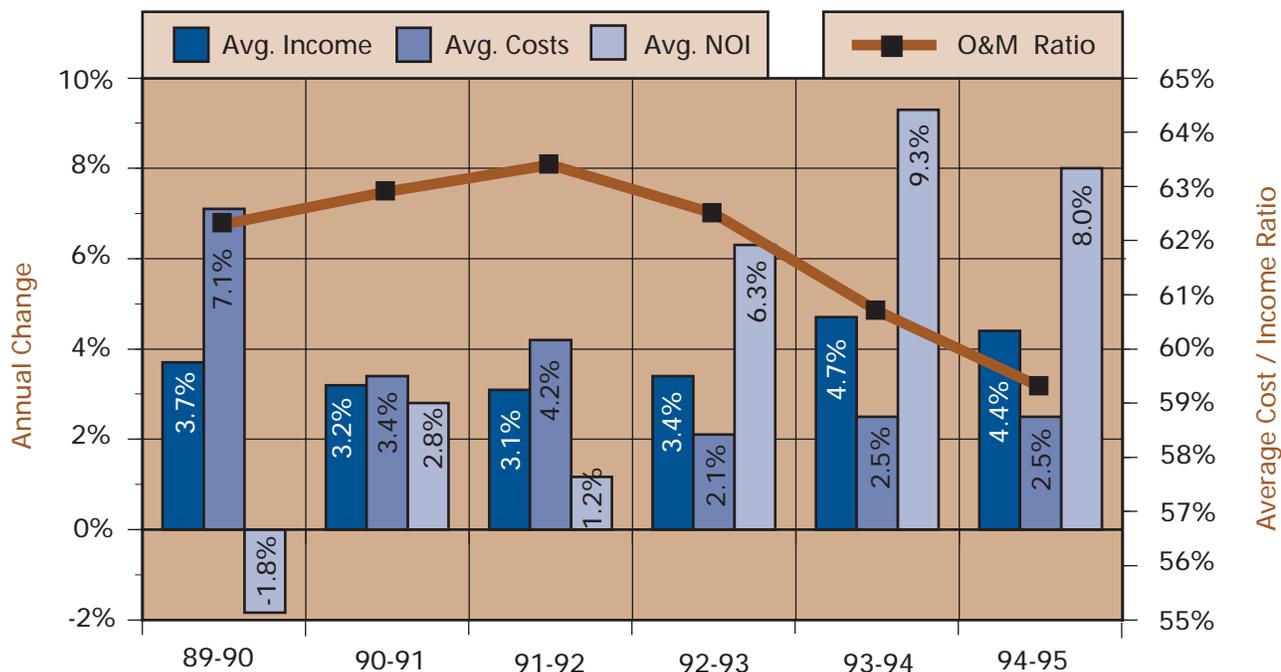
As New York’s Economy Improves, the PIOC May Understate Increases in Operating Costs

(Annual Increase in Costs, Price Index of Operating Costs and Income and Expense Filings)



Sources: NYC Dept. of Finance, 1996 RPIE Filings; U.S. Bureau of Labor Statistics

Rising Revenues and NOI Have Reduced O&M Ratios



Source: NYC Dept. of Finance, RPIE Filings

However, as the map on the next page illustrates, NOI growth varied widely across the City. NOI rose strongly throughout most of Manhattan at an average rate of 10%. Buildings in the outer boroughs experienced more modest increases. In the Bronx, NOI grew less than 10% in every Community District except for Highbridge. Brooklyn buildings experienced very uneven earnings growth, which averaged 4.4%. NOI increased sharply in Brooklyn Heights, South Crown Heights, Bensonhurst, and Sheepshead Bay, but declined in Williamsburg, North Crown Heights, Sunset Park, and Flatbush. Conditions in Queens were similar to those in the Bronx, with stable NOI growth averaging 4.6%. Every Community District in the borough had increases of 8% or less except for Jamaica, where earnings fell.

What do these figures indicate about the overall financial condition of New York's stabilized housing? It is clear that owners generally had 8% more cash at their disposal in 1995 to use for paying mortgages, making building improvements, and pre-tax profit. However, interest rates on multi-family mortgages in the City rose

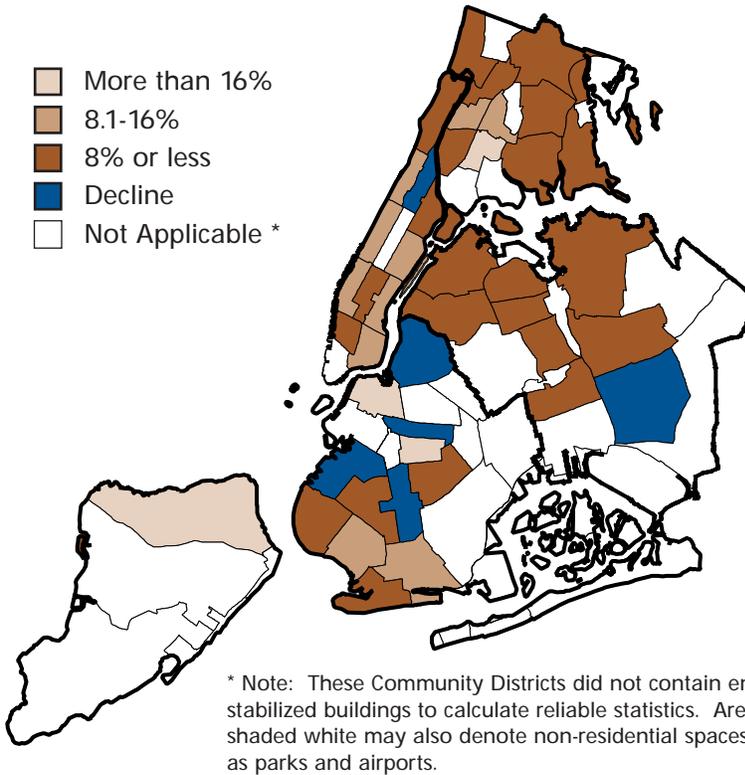
at the same time, as the Federal Reserve Board tried to dampen inflation. Given this development, and the limitations of our data, we cannot say with absolute certainty whether NOI growth observed in 1995 resulted in greater pre-tax gains for owners of rent-stabilized buildings.

The proportion of gross income spent on unaudited expenses declined by one (1.0) percentage point between 1994 and 1995. A similar drop was observed in the amount of income spent on audited expenses. The proportion of rent used to pay audited costs, also declined by an identical amount.

Roughly 9% of the buildings in this year's longitudinal sample faced costs that exceeded revenues, identical to the rate observed last year. The fundamental conditions besetting these buildings did not change. Such properties are burdened by low rents, lack commercial income, and suffer high operating expenses. Unfortunately, the figures available to staff do not permit more thorough insights into the plight of such buildings.

NOI Grew Fastest in Manhattan's Stabilized Building's During 1995

(Increase in Net Operating Income, 1994 to 1995)



NOI GROWTH IN MANHATTAN NEIGHBORHOODS, 1995:

U.W. Side	12.3%
L. E. Side	10.6%
U.E. Side	10.2%
Turtle Bay	10.1%
Chelsea/Clinton	10.1%
Midtown	7.9%
G.Village	<u>7.9%</u>
	10.2%
Morningside Hgts.	12%
Washington Hgts.	7.5%
East Harlem	7.1%
Central Harlem	<u>-6.8%</u>
	6.9%

Source: NYC Dept. of Finance, 1996 RPIE Filings

Non-Stabilized Buildings

This year, for the first time, RGB staff was able to access income and expense data for nearly 1500 apartment buildings that did not register with the DHCR in 1994, and that filed RPIE forms in both 1995 and 1996. This data reflects trends occurring from 1994 to 1995. Because properties with fewer than eleven dwellings do not have to file RPIE forms, data on more non-stabilized buildings could not be obtained, since such small buildings make up most of New York's non-stabilized housing stock. As this was the first year we drew a sample of non-stabilized buildings for study, the results reported below should be treated with caution, because they may be affected by the presence of some buildings subsidized by federal, state, or local programs but which are not subject to stabilization (such as Section 8, Article 421a, HUD properties).

Non-stabilized rents rose by an average of 5.1% in 1995. As in the stabilized sector, non-stabilized rents increased faster in pre-war buildings (5.2%) than in post-war ones (4.9%). Rent growth also varied inversely to building size, with the greatest gains observed in small buildings (11.7%), and more modest increases witnessed for medium-sized (5%) and large buildings (3.7%). Geographically, rent growth in the non-stabilized stock was highest in the Bronx (5.4%) and Manhattan (5.1%), followed by Queens (3.6%) and Brooklyn (3.4%). This pattern

COSTS ROSE FASTER IN UNREGULATED BUILDINGS (Change in Operating Expenses, 1994 to 1995)

	Stabilized Buildings	Non-stabilized Buildings
Property Taxes	2.3%	3.8%
Labor Costs	4.1%	5.3%
Fuel Costs	-4.0%	-2.6%
Utilities	1.7%	2.8%
Maintenance	2.5%	5.0%
Administrative	3.8%	3.6%
Insurance	6.1%	3.5%
Miscellaneous	4.2%	0.3%
Total	2.5%	3.4%

Source: NYC Dept. of Finance,
1996 RPIE Filings

is hard to explain, since evidence from the past two years has pointed to a very tight, and expensive, rental market in Manhattan.

The total revenue earned in non-stabilized buildings increased by an average of 5.3% in 1995, with slightly greater gains in older properties (5.5%) as opposed to modern ones (5.2%). As with rents, income rose most in smaller buildings (13%), followed by mid-sized (5.8%) and large (3.4%) properties. Revenues increased most in the Bronx (5.4%) and Manhattan (5.3%), followed by Brooklyn (4.1%) and Queens (3.9%). Once again, we cannot adequately explain the reasons for the impressive growth witnessed in Bronx buildings.

While non-stabilized buildings earned more revenue in 1995, they also paid higher costs. Overall, operating expenses rose by an average of 3.4%, significantly higher than the average in the stabilized sector. Cost increases did not differ much by building age, with average increases of 3.4% in older buildings and 3.3% in modern ones. However, small and medium-sized buildings faced higher average increases (4.5% for each) than did large properties (2.3%). Queens faced much higher cost increases (6.7%) than the Bronx (3.5%), Brooklyn (2.7%), or Manhattan (2.5%). Why this was so, is not clear.

As the chart to the left demonstrates, most operating expenses increased faster in non-stabilized buildings than in stabilized ones during 1995. Rapid growth in maintenance and labor costs may reflect improvements in service levels, demanded by tenants paying higher rents. Likewise, the relatively fast revenue growth mentioned earlier probably boosted property taxes, since the City values multi-family rental properties according to their income generating capacity.

Although non-stabilized properties experienced greater gains in rents and income than stabilized buildings in 1995, rapid cost growth limited overall expansion of NOI to 8.9% over the year. Earnings grew most in the pre-war stock (9.8%) and slightly less in post-war stock (8.5%). NOI rose fastest in Manhattan (10.4%) and the Bronx (9.7%), followed by Brooklyn (7%). Tepid revenue growth combined with rampant cost increases caused average earnings to drop slightly among non-stabilized buildings in Queens (-1%). Again, given local lending conditions in 1995, it is impossible to know whether the increase in NOI was large enough to offset increased mortgage payments wrought by greater interest rates.

Conclusion

The most surprising finding of this year's Income & Expense Study is that owners of non-stabilized buildings, despite their unhindered ability to raise rents, did not benefit from significantly greater NOI growth than their stabilized counterparts in 1995. This probably reflects the relative skill of stabilized owners at containing cost growth, since they have been forced for the past twenty years to maintain the profitability of their buildings with limited capacity to raise revenues to cover increases in expenses. It also points to the influence of rent increases from apartment and building improvements that can increase revenues in stabilized buildings beyond what is set forth in the RGB's annual rent guidelines. □

The Rent Guidelines Board Mortgage Survey Report

Introduction

Section 26-510 (b)(iii) of the Rent-Stabilization Law requires the Rent Guidelines Board to consider the “costs and availability of financing (including effective rates of interest)” in its deliberations. To assist the Board in meeting this obligation, each January the RGB research staff undertake a survey of financial institutions which underwrite mortgages to multifamily properties in New York City. This survey asks lenders about terms for new and refinanced loans, underwriting criteria, non-performing loans, and characteristics of buildings in their portfolios.

As in past years, the RGB staff updated the survey sample to include only those institutions still offering loans for multiple-dwelling properties. Staff also added a number of underwriting institutions to the sample based on a list furnished by the Federal Deposit Insurance Corporation (FDIC). This list consists of all lenders in New York State regulated by the FDIC which supply financing for multifamily properties. Though most of the lenders offering loans in New York City were queried in the past, we were able to find an additional sixteen institutions. The total sample size for the 1997 Mortgage Survey was sixty-seven lenders comprised of savings banks, savings and loan associations, and commercial enterprises.

Survey Respondents

Twenty-eight of the sixty-seven financial institutions surveyed responded to the 1997 Mortgage Survey, furnishing the RGB with details about New York City’s multifamily lending market. The 1997 survey reflects conditions during 1996 or shows point to point changes from January 1996 to January 1997 depending on the nature of the question.

The information provided by the FDIC also includes the dollar value of each lender’s multifamily real estate holdings. The dollar value of such holdings ranged significantly among survey respondents. One respondent’s multifamily mortgages total \$1.2 billion, while many respondents have total mortgages ranging from \$100 million to \$800 million. Some lenders returning this year’s survey have only a few million dollars in mortgage assets. Financial institutions with larger holdings tend to have slightly lower financing costs.

In the early 1990s, RGB’s Mortgage Surveys found that many institutions had halted their multifamily lending services. This trend reversed in the last two years as three institutions created separate multifamily lending divisions and no lenders left the mortgage market. Though we found no consolidation activity between 1995 and 1996, four lenders merged with other enterprises between 1996 and 1997 and continue to offer mortgage services through their new institutions.

Twelve of this year’s respondents also completed last year’s Mortgage Survey, enabling us to distinguish between actual changes in the lending market (longitudinal analysis) versus fluctuations caused by different institutions responding to the surveys in consecutive years. This report begins by discussing findings from all respondents to the 1997 Mortgage Survey (cross-sectional group) followed by an analysis of the longitudinal group.

WHAT’S NEW

- ✓ The average interest rate for new multifamily mortgages in New York City is 8.8%, virtually unchanged from last year’s figure of 8.6%, the lowest level in two decades.
- ✓ Other financing terms for new mortgages, such as points (1.34), terms, and types are also little changed from last year.
- ✓ Refinancing costs are considerably lower than new originations with interest rates and service fees averaging 8.4% and 1.15, respectively.
- ✓ Low interest rates for refinanced loans are spurring refinancing activity. Many lenders report increases of 75% or more over last year’s levels.
- ✓ Loan volumes are soaring due to mounting loan applications and notable increases in lender approvals.
- ✓ The average loan-to-value ratio increased to 71.5% in 1997. This is the third consecutive year the average LTV ratio has increased, indicating a trend toward loosening mortgage requirements.

Cross-Sectional Study

Financing Availability and Terms

Editor's Note: Subsequent to this report, the Federal Reserve raised the Federal funds rate from 5.25% to 5.5% in March, 1997.

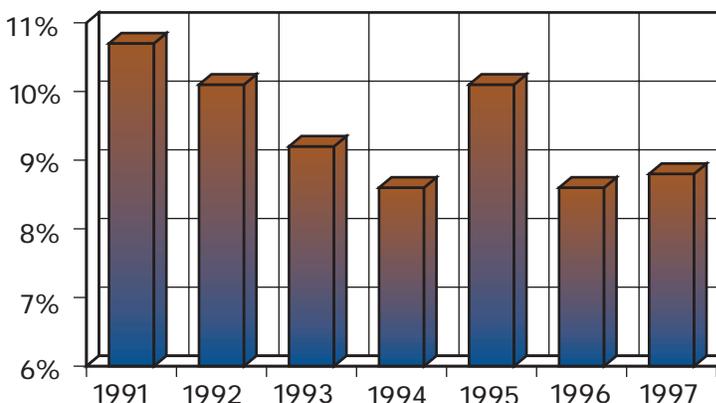
Interest rates for new multifamily mortgages inched up slightly this year averaging 8.8%, twenty basis points higher than last year. This marks the third time in four years that mortgage interest rates for new originations fell below 9%. Stable interest rates were prompted by the Federal Reserve's relatively unwavering course. The Fed reduced its Federal Funds Target Rate – the rate banks charge each other for overnight loans – by 0.25% to 5.25% on February 1, 1996 but has not altered this rate since (see Editor's Note, left). The Discount Rate – the interest rate Federal Reserve Banks charge for loans to depository institutions – is now 5.0%, unchanged since this time last year. With mainly steady target rates set by the Federal Reserve, large banks have likewise maintained their prime lending rates causing very little fluctuation in interest rates for home equity loans, small business loans, credit cards, and mortgages.

Refinanced loans carry an interest rate of 8.4%, breaking the pattern of nearly identical interest rates for new and refinanced mortgages noted by the RGB over the years. This year, a number of survey respondents are not offering loan refinancing – these lenders typically offer new mortgages at higher interest rates than those offering both loan types. However, two lenders offering both charge lower rates for refinanced loans than new originations, a reversal of the trend in the early 1980s when interest rates for refinanced loans were twice that of new loans.

Aside from these fluctuations in interest rates, trends in mortgage financing are consistent with last year. Points, terms, and types of loans for new mortgages have remained relatively constant in recent years. Points, or service fees currently charged by lenders for new loans, range from 1 to 3, with an average service fee of 1.34%, nearly the same as last year's average of 1.32%. Loan fees remain somewhat above the 1995 mean of 1.25%. Average points charged for refinanced loans are once again somewhat lower than those required for new loans, averaging 1.15%, a bit below last year's average.

Mortgage Interest Rates are Virtually Unchanged in 1997

(Average Mortgage Interest Rate for New Loans)



Source: Rent Guidelines Board, Annual Mortgage Surveys.

Note: The apparent increase in mortgage interest rates for new loans is probably a result of the RGB's efforts to include small mortgage lenders in its sample rather than a significant jump in the cost of financing. Lenders with lower dollar values in real estate assets typically charge higher interest rates than larger institutions. (See the longitudinal section for further discussion of changes in mortgage interest rates.)

Because survey respondents normally provide a wide range of term lengths rather than a single number, it is difficult to know where within the range banks are actually lending. Mortgage terms reported by respondents typically fall within the range of 3 to 30 years. Though we cannot pinpoint a mean value of loan lengths, it appears that more lenders are offering loans with maturities ranging from 10 to 20 years as opposed to 5 year terms. Last year, close to half (9 out of 20) of respondents offered loans with maximum loan maturities of 5 years, while this year just over one-third of lenders (9 of 26) offer loan maturities of no more than 5 years. This result could stem from the different survey sample, though, as only one of the recent additions offer loans with a maximum length of 5 years. (Refer to the longitudinal section for a further discussion of mortgage lengths.)

Much like last year, lenders are permitting flexible loan terms. For example, banks continue to offer mortgages with longer amortization schedules than the loan's maturity, and a number of respondents offer more than one loan type. One-half of lenders offer fixed rate mortgages, only one-third supply adjustable rates, and the remainder offer both types. An adjustable-rate mortgage is usually rescheduled after 3 years for shorter term loans and after 5 years for loans with longer terms.

Though mortgage interest rates have averaged below 9% in three of the last four years, refinancing activity has been modest until this year. Nearly all lenders completing the 1997 Mortgage Survey reported refinancing many more loans this year at lower rates. More than half of respondents said they refinanced at least 25% more loans this year than last year, and one-third of the respondents reported an unprecedented swelling by three-quarters or more over the previous year. Buildings with 20 or fewer units shared in the refinancing boom, though slightly fewer lenders (18 out of 24) report refinancing the loans of smaller buildings at lower rates.

As mentioned above, mortgage interest rates and service fees for refinanced loans declined somewhat from the previous year and now have significantly lower costs than new loans. The reduction in refinancing costs is encouraging more borrowers to refinance their loans. (See graph, next page.)

Last year's Mortgage Survey found the volume of loans underwritten by each financial institution declined only slightly despite decreases in interest rates. Decreasing loan applications were due to more institutions offering mortgage services. This year, loan volumes are soaring. More than half of respondents

(15 out of 27) reported expanding loan volumes, and many lenders report increases of 50% or more over last year's levels. Such burgeoning activity was due mostly to increases in applications placed with lenders (undoubtedly for loan refinancing), but some lenders also reported increasing approvals. Only two lenders in twenty-seven reported declines in loan volumes. This contrasts sharply with last year when more than one-third of respondents claimed their loan volumes declined.

Underwriting Criteria

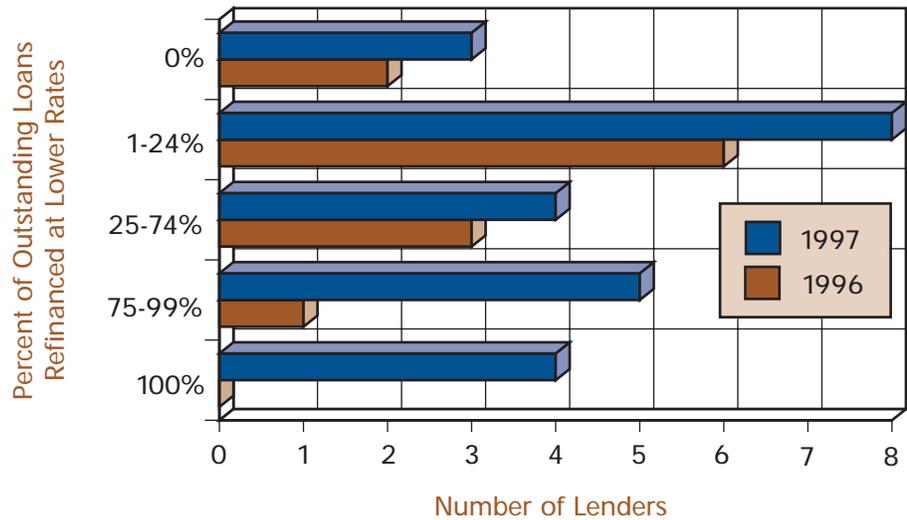
From the late 1980s to the early 1990s, the RGB's annual Mortgage Surveys documented reduced mortgage financing availability for rental properties in New York City and mounting financing costs. (For an overview of trends in underwriting criteria and non-performing loans, see *A Brief History of Mortgage Financing* on page 55) The conditions causing the market's upheaval have retreated, though, and a new era of cautious but ample loan availability has arrived.

The 1993 Mortgage Survey showed that almost half of those institutions still offering mortgages formulated stricter lending criteria. The proportion of lenders implementing stricter standards dropped remarkably after 1993 to 15% and 10% respectively in 1994 and 1995, and declined further during the past two years. In 1997, only two lenders in twenty-eight mentioned tightening their standards by using more stringent approvals and monitoring requirements. One lender was reacting to increased demand for mortgage financing, the other did not specify the cause. Most survey respondents have not altered their lending practices in the last two years, because heightened requirements in effect during the early 1990s have brought a period of low delinquencies and defaults.

A second set of questions relating to origination practices concerns requirements such as loan-to-value ratios, debt service coverage, and building characteristics. The mean dollar amount respondents are willing to lend based on a building's value (the loan-to-value ratio, or LTV) ranges from 50% to 80%. The average LTV increased in 1997 by .5% to reach 71.5%. This is the third straight year the average LTV ratio increased, indicating a trend toward loosening mortgage financing practices.

The debt service ratio (net operating income divided by the debt service) measures an investment's ability to cover mortgage payments using its gross income net of its operating expenses. In other words, higher debt service coverage requirements signal that

Loan Refinancing Soars as Refinancing Costs Drop



Note: Lending institutions were asked what percent of the loans in their portfolios were refinanced during the past year at lower rates.

Source: Rent Guidelines Board, 1996 and 1997 Mortgage Surveys.

lenders are willing to loan a lesser dollar amount given constant net income. Currently, lenders' standards for debt service ratios vary from 1.15% to 1.4%, and, as in the last several years, the most common debt service requirement is 1.25%.

Criteria regarding loan amounts and physical characteristics of buildings have not changed much since a year ago. Two respondents have minimum loan values of \$35,000 and \$500,000 respectively, while maximum loan amounts range from \$800,000 to \$6 million. These figures are slightly higher than last year's responses.

The Mortgage Survey traditionally asks respondents to supply additional lending standards for loan applications. Such requirements cover the number of units in the building, as well as the building's age, location, and level of maintenance. Almost every lender stipulates that buildings must be in at least good condition, several lenders require buildings to have 10 or more units, four specify location by neighborhood or borough, and four consider whether a building could potentially be converted to a cooperative or condominium. One lender takes into account whether the borrower is an occupant of the building. No other standards were mentioned, nor are these conditions significantly different from last year.

Non-Performing Loans and Foreclosures

Responses to the non-performing loan section of this year's survey are as encouraging as last year when lenders' real estate holdings remained current. Last year, not one lender reported increases in non-performing loans or defaults, while one respondent claimed its level decreased 100% due to the improved rental market. Again this year, not one survey respondent experienced an increase in non-performing or defaulted loans. Of the twenty-five banks providing the percent of their loans currently delinquent, almost all reported

A BRIEF HISTORY OF MORTGAGE FINANCING IN NEW YORK CITY

levels of 1% or less. Two banks responded that their non-performing loans comprise about 1.5% of their total real estate loans, and one reported 4%. An additional lender reported a 40% delinquency rate, by far the largest proportion but unchanged from the previous year. This is a first-time participant in RGB's Mortgage Surveys, but we could find nothing unusual in this lender's responses to account for the high non-performance level.

Lending institutions also supply the number of foreclosure actions they undertook during the previous year as well as how they resolve such foreclosures. Only one lender suggested its foreclosure actions declined, while all other respondents reported no change in their actions or that they have no foreclosures to mention. Though all but one lender reported no change in foreclosure actions, many lenders provide their course of action in the event of foreclosure. The most common prescription is restructuring debt service. Others seize the property, resume regular debt service, or arrange financing with another financial institution. One lender reported that it sells some of its foreclosed properties and restructures the debt of others. These results do not differ substantially from last year, except that a larger proportion of lenders restructure defaulted loans.

Characteristics of Rent-Stabilized Buildings

Additional questions on the Mortgage Survey ask about characteristics of buildings currently in lenders' portfolios including building size, vacancy and collection losses, loan-to-value ratios, and operating and maintenance costs. Three-quarters of respondents (21 out of 28) typically provide mortgages to buildings with 20 or more dwellings. The most common building size is 20-49 units, unlike last year's results in which lenders preferred 50 to 99 units. This change stems from the RGB's efforts to survey lenders with fewer buildings in their portfolios, the same banks which lend to smaller properties. The second most common building size is 50-99 units, while three lenders each typically lend to buildings with fewer than ten units and buildings with 11-19 dwellings, respectively. One mainly holds mortgages for buildings with 100 or more units.

The combined vacancy and collection losses reported by respondents increased considerably since last year when the mean was 3.7%. This year's average is 4.3%, almost as high as 1995 when losses hovered around 4.6%. Nearly three-quarters of the institutions responding to the 1997 Mortgage Survey report vacancy and collection losses of 5% or more unlike last year when only one-half of respondents reported losses this high, and one-quarter claimed combined losses of 1% or less.

A change in the Mortgage Survey instrument made in 1996 allows us to distinguish between relinquished rental income due to vacant apartments (vacancy losses) versus lost income caused by delinquent rental payments (collection losses). The percent of losses attributed to collection problems this year is 2.4%, while almost 2% are due to vacancies. This breakdown shows that collection problems are slightly lower than last year's average (2.9%), while vacancy losses increased by more than one percentage point.

This change may be due to the loosening standards reported by banks in the last two years. It is possible that with slightly looser standards, lenders are now making loans to buildings they would have denied prior to last year. These buildings may have slightly higher vacancy losses thereby bringing up the average losses of buildings in lenders' portfolios. Alternatively, the increase in vacancy losses could be caused by a slight slackening in the rental market. The

The Savings and Loan Crisis, incipient in the early 1980s, noticeably infected New York City's multifamily lending market in 1987, probably spurred on by the stock market crash in October. As a result, secondary lenders tightened their standards causing most primary lenders to do the same.

Two years later, the Resolution Trust Corporation (RTC) placed many savings and loans under receivership or closed them down entirely. Soon after, Freddie Mac discontinued purchasing mortgages in the secondary market. New York City's multifamily mortgage market was in upheaval due to the deepening economic recession and the instability of the national banking system. Many institutions terminated their multifamily mortgage programs altogether.

By 1993 the mortgage market was entirely restructured. By 1995, lenders' rigid standards finally paid off when defaults had stabilized and delinquencies declined. Freddie Mac re-entered the secondary mortgage market infusing sizable funds into the lending pool. Loan volumes inched up and, for the first time in almost a decade, lenders who had left the market resumed loan originations.

Lenders eased their standards slightly between 1994 and 1996 by allowing higher loan-to-value ratios and longer loan terms. According to the 1997 Mortgage Survey, lenders have very few non-performing loans or foreclosures, and refinancing activity is soaring. Low interest rates and increasing loan volumes suggest expanding mortgage availability in New York City at slightly lower financing costs.

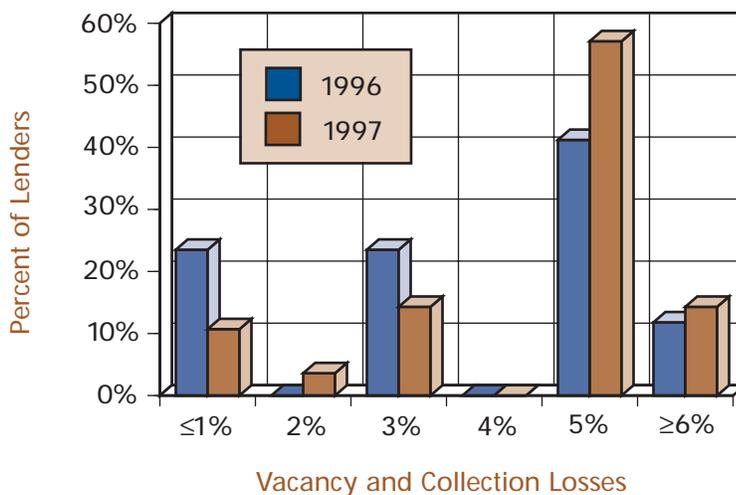
1996 New York City Housing and Vacancy Survey shows an increase of nearly six-tenths of a percentage point in the vacancy rate (from 3.66% to 4.03%) among non-Public Housing rentals since 1993. Though the exact cause is difficult to pinpoint, it is clear that vacancy losses are somewhat higher than a year ago.

The loan-to-value ratio (LTV) of mortgages currently held by respondents averages 66.5%, or one-half of a percentage point higher than in 1996. Though the average increased slightly, about the same proportion of lenders (10 out of 28) reported typical LTVs of 70% or higher in both 1996 and 1997, twice as many lenders as in 1995. Apparently, some financial institutions are continuing to lend up to their maximum LTV standards, an action they had refrained from previous to last year. LTV standards have also increased in each of the last three years and now average 71.5% as mentioned previously.

The RGB queries financial institutions regarding typical operating and maintenance (O&M) expenses of buildings with outstanding mortgages. Because lenders' answers are extremely varied, we do not present average or modal values. We have found that lenders' responses are more a reflection of the type of building, whether luxury or basic, and the buildings' conditions for which the lender underwrites mortgages rather than a gauge of fluctuating costs involved in operating New York City's rental housing. Nonetheless, such responses are valuable in determining what type of buildings currently hold outstanding mortgages. For example, a response of \$3,000 in monthly operating and maintenance expenses indicates the institution lends to highly-staffed, well-maintained buildings with large units.

Banks reported O&M costs ranging from 30% to 60% of gross income. All but three respondents providing typical dollar values indicated O&M expenses between \$200 to \$400 per apartment per month. Of the three lenders with expenses outside this range, two institutions have higher costs (\$550 and \$750, respectively) while the third has lower costs (\$190). Such expenses are modest compared with previous years. Because costs probably have not declined since last year, lower reported O&M expenses hint that lenders are providing mortgages

Lenders Report Higher Vacancy and Collection Losses



Note: Lending institutions were asked what percent best describes the typical vacancy and collection losses of rent-stabilized buildings financed by their institutions during the past year. Though collection losses declined somewhat, vacancies increased by nearly one percentage point.

Source: Rent Guidelines Board, Annual Mortgage Surveys.

for a different set of properties than they were a year ago, ones that differ sharply from luxury buildings.

In last year's Mortgage Survey Report, staff found:

[T]he differences between an institution's current lending standards and the characteristics of its overall portfolio point to changes in that institution's formal or informal practices and possible exceptions to its standards when choosing to underwrite individual loans. The loan-to-value ratio data confirms that a subset of lenders are sufficiently comfortable with the economy to ease their lending practices even if they have not officially changed their underwriting standards, as none report doing during the past year.

The same analysis applies to conditions found this year. Though no lender officially changed its mortgage lending practices, institutions continue to allow higher loan-to-value ratios, an indication that lenders are more comfortable with the state of the real estate market.

Longitudinal Study

With so many of the same institutions responding to the RGB's surveys in consecutive years, once again we are providing a longitudinal perspective in the Mortgage Survey Report. In this section, staff compare responses from the twelve lenders who replied to surveys in both 1996 and 1997 (longitudinal group) with the data from all twenty-eight institutions providing responses in 1997 (cross-sectional group). This comparison helps to determine whether the noted changes reflect fluctuations in the lending market or different respondents resulting from our efforts to include many smaller lenders in the survey.

Financing Availability and Terms

The terms offered by institutions responding to both the 1996 and 1997 Mortgage Surveys (longitudinal group) differ substantially from those of all respondents (cross-sectional group). For example, interest rates for new mortgages in 1997 are lower for the longitudinal group (8.5%), than for the cross-sectional group (8.8%). Again, this probably reflects the changes in the 1997 Mortgage Survey sample. All new lenders in 1997 are necessarily excluded from the longitudinal analysis, and these banks tend to have higher financing costs.

Data from the longitudinal group show that mortgage financing is cheaper in 1997. Mortgage interest rates for both new and refinanced loans declined in the longitudinal group, unlike the increase in rates for new mortgages found in the cross-sectional analysis. The longitudinal interest rate for new mortgages dropped eleven basis points from 8.6% in 1996 to 8.5%, while lenders reduced rates for refinanced mortgages from 8.5% to 8.4%, a decline of ten basis points. Service fees also declined since last year from 1.3% to 1.2% for new loans and from 1.1% to 1.0% for refinancing.

Loan lengths and types are more consistent over the two years. Though the cross-sectional analysis points to longer mortgage terms in 1997, the longitudinal data shows that four out of twelve lenders changed their mortgage terms, two now offer longer terms and two offer shorter terms, though the average is about the same in both years. Mortgage maturities in the longitudinal group are typically 5 to 15 years compared with many lenders in the cross-sectional group who offer mortgages with 20 to 30 year maturities. Most respondents in both 1996 and 1997 offer fixed rate mortgages, though a few offer adjustable rates.

The longitudinal data confirms that twice as many lenders refinanced the loans in their portfolios this year at lower rates. By 1997, all but one lender responding to both surveys reported at least some portion of their loans were refinanced at lower rates. Not only are more lenders participating in refinancing, they are refinancing a larger percent of loans in their portfolios. While those banks reporting refinancing activity said they refinanced about one-quarter of their loans last year, lenders refinanced more than half of their loans in 1997. Five banks refinanced three-quarters or more of their mortgages at lower rates.

One additional change between 1996 and 1997 is noteworthy. Nearly half of all longitudinal respondents reported increases in loan volumes in 1997 almost exclusively due to swelling loan applications. This sharply contrasts to last year when one-third of the respondents reported decreases in loan volumes.

Lending Standards

A number of lenders in our longitudinal analysis increased their maximum loan-to-value ratios from 1996 to 1997. Five out of eleven participants in both surveys have higher maximum values this year – two banks reported a maximum LTV of 75% compared with 70% last year, and three lenders provide LTV ranges

LONGITUDINAL ANALYSIS

The longitudinal section confirms that:

- ✓ Interest rates for new loans are fairly steady,
- ✓ The cost of mortgage refinancing declined leading to mounting refinancing activity,
- ✓ Loan volumes soared due to swelling applications,
- ✓ Loan-to-value ratios have relaxed somewhat,
- ✓ Rental losses increased mostly due to higher vacancies, and
- ✓ Non-performing loans and foreclosure actions remain limited.

with upper limits at least five percentage points higher than last year. The mean LTV for the longitudinal group is somewhat lower than for the cross-sectional group indicating that respondents in consecutive years are more cautious than overall respondents. The longitudinal debt service coverage data also confirms that lenders are requiring debt service coverage ratios of roughly 1.25%, unchanged from last year.

The increase in vacancy and collection losses reported in the cross-sectional analysis also is evident in the longitudinal data. The average losses reported in 1997 are 4.2%, or nine-tenths of a percentage point higher than in 1996. Four lenders out of ten providing responses on both questionnaires report significantly larger losses this year. While vacancies account for only one-third of total losses in 1997, they account for almost all of the increase in combined vacancy and collection losses since 1996. Delinquent collections are about 3% in 1997, the same as last year.

Non-performing and Delinquent Loans

Another optimistic finding is that almost all institutions responding to RGB Mortgage Surveys in successive years report few or no foreclosure actions. Half of respondents reported a small number of non-performing loans in 1997, twice as many as in 1996. This increase is undoubtedly due to a slight change in the 1997 Mortgage Survey question which does not include "Don't Know" as an option as did the previous survey, thereby encouraging lenders to provide a rough estimate on this year's survey. No lender reported a non-performance level higher than 2% this year indicating that loan portfolios are overwhelmingly solid. The longitudinal findings confirm that delinquencies have been minimal in the last two years.

Longitudinal Analysis

Though the small number of institutions responding to both the 1996 and 1997 Mortgage Surveys renders the longitudinal data unreliable on its own, this data supports the findings from the more abundant cross-sectional data. With noted exceptions, the longitudinal perspective confirms that the multifamily lending market has loosened during the past two years. Interest rates are basically unchanged from last year, lending standards have relaxed and outstanding loans are remaining current. Lower costs of borrowing and greater mortgage availability reported in last year's Mortgage Survey, are leading to mounting demand for lending services. □

Income & Affordability

✓ Income and Affordability Study



The Rent Guidelines Board

Income and Affordability Study

WHAT'S NEW

- ✓ Employment increased by 35,000 positions in 1996, the largest increase since 50,000 jobs were added to New York City's employment base in 1987.
- ✓ New York City's renters earned \$20,000 in 1995, nearly \$1,000 more than in 1992. Rent-stabilized tenants earned \$21,600, a nominal increase of 7% since 1992.
- ✓ Tenants in rent-stabilized apartments built after 1946 earned a median income of \$30,000 in 1995, \$5,000 above their incomes in 1992. Pre-1947 occupants, on the other hand, gained only \$700 between 1992 and 1995.
- ✓ The median contract rent for all renter-occupied apartments jumped from \$501 to \$593, an 18% increase. Stabilized rents rose 14% from \$525 to \$600.
- ✓ With increases in contract rent outstripping gains in income, renters are paying a larger portion of their household income towards rent. The median contract rent-to-income ratio for all NYC renters climbed from 28.2% to 30.0%, while respective figures for stabilized renters climbed from 28.2% to 30.7%.
- ✓ The improved economy, in addition to strict screening and work requirements, brought New York City's public assistance caseload below one million for the first time since 1990.

Introduction

Each year, the Rent Guidelines Board research staff look at housing affordability by exploring economic conditions affecting New York City's tenant population. This year's study benefits from newly released data compiled by the Census Bureau in its 1996 New York City Housing and Vacancy Survey (HVS), the tenth such survey since 1965. To complete the 1996 survey, Census interviewed approximately 17,000 renter and owner households requesting detailed information about the interviewee's family members and dwelling unit. Of particular importance to the Income and Affordability Study is HVS data regarding household income and rental payments which allows us to estimate housing affordability.

The Census Bureau revised its HVS methodology in 1996 by imputing, or assigning values, for some questions left unanswered by respondents. In this report, RGB staff primarily use unimputed HVS data. Although we would like to use imputed data, the estimated income data is still preliminary and no imputed data for the 1993 HVS are available. Thus, absent preliminary 1993 imputed data, we cannot make judgments about trends in key variables and are forced to use unimputed data to gauge changes. (For further discussion of this matter, see page 64.)

Apart from rents and incomes, this report contains a broader context of market forces affecting renters. Such factors include New York City's overall economic condition – unemployment rate, wages, consumer price index, and gross city product – as well as housing court actions and changes occurring in the public assistance sphere.

Economic Conditions

New York City's economy has improved considerably since the recession of the early 1990s when it was beset by double-digit unemployment and declining gross city product (GCP), reflecting the total value of goods and services produced in New York City. Subsequently, the unemployment rate eased by more than two percentage points, though unemployment remains high relative to the U.S. rate, and production has expanded steadily. The GCP grew by roughly two percent in four of the last five years and expanded 1.9% between 1995 and 1996. (See Appendix E2.)

New York City's employment sector contracted by more than 300,000 jobs in the early 1990s before stabilizing in 1993. Since then, 76,000 jobs have returned¹, almost half of which (35,000) were gained between 1995 and 1996 alone. (See sidebar, next page.) This is the largest single-year increase since more than 50,000 new jobs were created in 1987. Though the government sector has cut its workforce by 74,000 positions since 1990, expanding private sector employment in the last four years has more than made up for lost government employees.

Not only are the number of employment positions increasing, but compensation has risen in the last couple years as well. Wages for all workers in New York City rose 6% between 1994 and 1995, and gained an additional 7% between 1995 and 1996. Though workers in almost every private industry

secured above-inflation increases in compensation, the financial (11%) and manufacturing (3%) industries posted the largest inflation-adjusted growth between 1994 and 1995. Even the government sector gained 4% in real terms. Workers in these industries continued to see rising compensation in 1996. (See Appendices F3 and F4.)

According to the Bureau of Labor Statistics, New York City's unemployment rate rose slightly from 8.2% in 1995 to 8.6% in 1996 and remains more severe than that of the nation (5.4%). (See graph on the next page.) The rise in the City's unemployment rate stems from mounting demand for employment which is growing at a faster rate than new jobs. This higher demand could have a number of sources including a surge in the population of working-age people, heightened competition for jobs from those living outside of New York City, cuts in public assistance pushing more people into the workforce, or perhaps discouraged workers are resuming their efforts to find employment after giving up their search months or years before. Which of these has likely led to a rising unemployment rate at the same time that employment opportunities increased?

The answer lies, in part, in how unemployment statistics are calculated. Swelling employment opportunities and rising compensation have likely contributed to the expanding labor force which, in technical terms, consists of individuals who are employed (even if underemployed) as well as those who are currently not working but have searched for work in the previous month. During a recession, it is common for people who are unsuccessfully searching for employment to become discouraged and stop looking for work altogether. As the economy improves and more jobs become available, those people who had left the labor market often resume their employment search, and are thereby, once again, included in the civilian labor force statistics.

Between 1995 and 1996, an additional 90,000 people entered the City's civilian labor force, representing a 2% jump. Though 35,000 new positions were created during this time, 55,000 new entrants or re-entrants into the labor sector did not find employment. The expanding civilian labor force, which inflated faster than the number of jobs, contributed to the four-tenths of a percentage point rise in the unemployment rate from 1995 to 1996.

The labor force participation rate, equal to the civilian labor force divided by the noninstitutional population of working-age people, increased from 55.2% in 1995 to 56.5% in 1996. The disproportionate growth in the labor force compared to the general population was probably caused by a lessening of the "discouraged worker syndrome". Nonetheless, rising unemployment in the face of growing job prospects underscores that New York City's employment sector is unable to rapidly absorb thousands of potential workers who are perhaps chronically unemployed.

New York City's Renters

Though the state of the City's economy obviously affects New York City's residents, this report is more concerned with how the City's renter population has fared in the last few years. Fortunately, more targeted data covering New York City's renters, and rent-stabilized tenants in particular, are available from the 1996 New York City Housing and Vacancy Survey conducted by the U.S. Census Bureau. This survey provides details about households, such as the number of occupants and whether the family income is below the poverty level, as well as in-depth information about their residences. All HVS figures are unimputed unless otherwise specified.

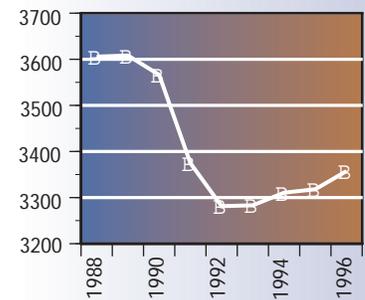
NEW YORK CITY'S EMPLOYMENT LEVEL (000s)

	1995	1996
Construction	90.2	91.2
Manufacturing	273.5	264.5
Transportation	202.9	204.6
Trade	555.4	561.9
Finance	473.4	472.3
Services	1,183.6	1,229.0
Mining	0.3	0.3
Total Private	2,779.3	2,823.7
Government	543.6	533.8
New York City ^a	206.4	204.1
Total	3,322.9	3,357.5
Change		+34.6

^a Estimate from Mayor's Office of Management and Budget.

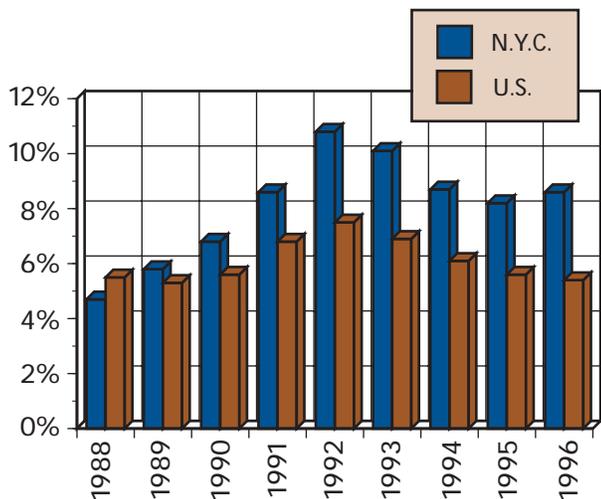
Source: U.S. Bureau of Labor Statistics.

EMPLOYMENT (000s) INCHES UP



Source: U.S. Bureau of Labor Statistics.

New York City's Unemployment Rate Remains Well Above that of the Nation



Source: U.S. Bureau of Labor Statistics.

Income

Total household income in the HVS is comprised of several sources, including wages, salaries, and tips; self-employment; interest dividends; pension; and other transfer and in-kind payments. According to the 1996 HVS, which reflects household income for 1995, renters earned a median income of \$20,000 per year, 5% above what tenants earned in 1992. By comparison, rent-stabilized tenants gained 7% between 1992 and 1995, with a median income of \$21,600 per stabilized household in 1996. This is somewhat lower than the 9% increase in nominal average wages for all workers in New York City according to the New York State Department of Labor. (See Appendix F4.) Stabilized tenants lost close to 1% of their incomes during this period when adjusting for inflation.

The larger income growth for stabilized renters compared with all New York City renters was driven by the sizable gains in earnings achieved by stabilized tenants living in modern buildings. Stabilized tenants in post-World War II buildings earned \$10,000 more on average than stabilized tenants in pre-war buildings which comprise nearly three-quarters (72%) of the stabilized stock. Not only do post-war tenants earn more, but these stabilized tenants also benefitted from substantially higher income growth. The median

income for tenants in post-war stabilized buildings was \$30,000 in 1995, a 21% jump from 1992 when they earned \$24,700; while incomes of tenants in pre-war stabilized buildings increased only 4% during this period, from \$19,300 to \$20,000. When adjusting for inflation, post-war tenants' household income grew by 12% though pre-war tenants lost 4% of their incomes.

Rent

Renters' nominal household incomes increased 5% from 1992 to 1995, but have rising rents outstripped this income growth? For most tenants, the answer is yes. Citywide, contract rents jumped from \$501 to \$593, an 18% increase. Stabilized tenants benefitted from the City's regulation system as their rents rose slightly less. Renters in stabilized apartments paid \$600² in 1996, roughly 14% more than three years ago when they paid \$525.

Rent increases for stabilized apartments from 1993 to 1996 – spurred by the low-rent supplement allowed during the last three guideline seasons and larger vacancy allowances for low-rent apartments in two of these years – were substantial enough to send many low-cost apartments above \$400 for the first time. In 1993, nearly one-quarter (23%) of all rent-stabilized apartments rented for less than \$400 per month; by 1996, only 13% of stabilized tenants were paying contract rents of less than \$400. Rent increases were not confined to low-rent apartments, though. Units at all rent levels were pushed up to higher categories. While 20% of rent-stabilized tenants paid contract rents between \$400 and \$499 in 1993, that number declined to 16% in 1996. Conversely, only 28% of rent-stabilized apartments had contract rents between \$600 and \$999 in 1993, while 38% of stabilized apartments had such rents three years later. Some change also occurred in the proportion of stabilized apartments with contract rents of \$1,000 or more. Twelve percent of stabilized apartments had rents of at least \$1,000 in 1996 compared with 9% in 1993.

Affordability of Rental Housing

How have these escalating rents affected New York City's renter population? Tenants are now paying 30% of their incomes toward rental payments, nearly two percentage points higher than in 1993. When adding utilities and fuel expenses to contract rent, renter households pay 32% of their annual earnings on housing-related expenses, up from 30.7% three years ago.

Stabilized tenants bore similar erosions in housing affordability. They now pay 30.7% of their household income towards rent, two and one-half percentage points above 1993 levels. The largest change in rent-to-income ratio categories was for those tenants paying more than 70% of their household earnings on monthly rent. In 1993, 17% of rent-stabilized households paid more than 70% of their income on rent, that proportion jumped to 23% in 1996.³ (See graph below.)

It is plausible that some households with high contract rent-to-income ratios are not strictly low-income families. These households could be students whose apartments are paid for by their parents, households where the main wage earner is temporarily not working, or families who currently earn very little annual income but are living off their accumulated wealth. In such cases, contract rent paid consumes most or even more than the household's annual income. Obviously, these situations have vastly different implications than ones in which families have extremely low annual incomes, no accumulated savings, and pay the majority of their earnings on rent. Unfortunately, HVS data tables provide little insight into how many households are hardship cases versus those with temporary or special circumstances.

Post-War Versus Pre-War Stabilized Tenants

Changes in rents and household incomes were not evenly distributed among renters of stabilized apartments in New York City. Though we speak of rent-stabilized tenants as a homogenous group, the stabilized sector is extremely varied. Apartments in pre-war buildings have lower rents probably stemming from both their location and their physical condition. Specifically, pre-war stabilized apartments have substantially more maintenance deficiencies and more often are located on streets with broken or boarded up windows according to HVS data. Further, half of all pre-war stabilized apartments are located in the Bronx (21%) or Brooklyn (29%) where rents are below the Citywide average, while one-third of post-war apartments are located in the Bronx (12%) or Brooklyn (20%). These factors, no doubt, contribute to the lower rents found in pre-war apartments.

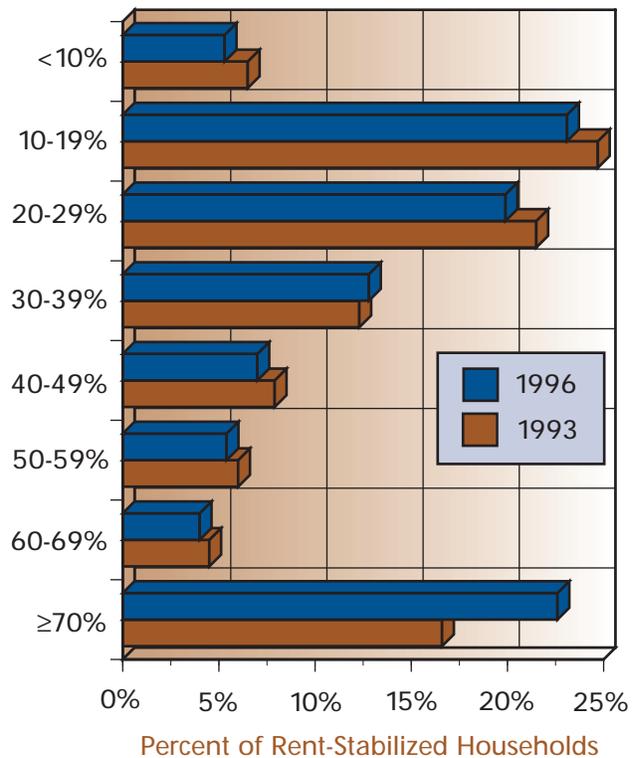
In addition to lower rents, stabilized tenants in pre-war buildings earn one-third less income than tenants in post-war buildings. Also the two boroughs with the largest number of pre-war apartments have the highest portion of unemployed residents (respective

unemployment rates in the Bronx and Brooklyn are 10.3% and 9.7%). Not surprisingly, families with higher incomes gravitate toward better quality housing in more desirable neighborhoods and, thus, pay more for their housing units.

Though post-war tenants in stabilized buildings also had larger increases in rent than income, the proportional increase in rent was far greater for stabilized tenants in pre-war buildings. Tenants in post-war buildings paid 28.4% of their current incomes on rent in 1996, compared with 27.1% three years earlier, while respective figures are 32.1% and 28.8% for tenants in pre-war buildings. Tenants in older buildings are experiencing declining disposable income (earnings remaining after housing costs and other necessities) partly because they are more likely to receive government assistance, the value of which has eroded over time. Furthermore, post-war occupants

More Tenants are Paying ≥70% of Their Incomes Toward Rent

(Percent of Rent-Stabilized Tenants in Rent-to-Income Ratio Categories.)



Source: 1993 and 1996 Housing and Vacancy Surveys.

HVS IMPUTED DATA

The most comprehensive and uniform information concerning New York City's renters can be found in the New York City Housing and Vacancy Survey. The Rent Guidelines Board relies heavily on HVS rent and income data to make judgments about trends in housing affordability.

In the 1996 HVS, the Census Bureau imputed data for several variables, including household income, rent, number of bedrooms, and rent subsidies. The RGB continues to use unimputed data, but also presents imputed data because HVS results using the new methodology are significantly different from results derived from previous HVS techniques.

Why does the RGB continue to use unimputed data in this report?

- ✓ The Census Bureau presents the income imputations as preliminary only, stating that it will continue to "review the imputation procedures, programming, and results even after the release of these tables to the public."
- ✓ The RGB does not have detailed information regarding the imputation methodology and cannot assess its reliability at this time.
- ✓ The Income and Affordability report is concerned with evaluating trends in housing affordability. Comparable imputation data is not yet available for the 1993 HVS data, making it impossible to say whether tenants are paying more or less of their income on rent.
- ✓ Though the imputed data found renter households pay less of their income toward rent, it is likely that the new methodology will nonetheless show similar increases in rent-to-income ratios between 1993 and 1996.

are much more likely to be married couples than single heads of households which enables families the possibility of two wage-earners. This helps insulate households from income loss if one household member loses his job or has stagnant earnings.

HVS Imputed Data

In completing the HVS questionnaire, much like all surveys, many respondents fail to answer one or more questions. For the first time in 1996, the Census Bureau assigned values in cases where questions were left unanswered. This assignment process, known as imputation, is based on interviewees who did respond and who have similar characteristics to those not responding. In the past, nonrespondents were simply left out of summary statistics. The assigned and unimputed HVS techniques yield different results only if the distribution of nonrespondents is significantly different from those supplying answers. Estimated variables used in this report include household income, contract rent, and contract rent-to-income ratio. The Census Bureau offers imputed household income as preliminary data. Because the statistical procedures in the 1996 HVS are different from methodologies employed in previous surveys and because the imputation data is subject to revision by Census, the results of the 1996 HVS cannot be compared with prior HVSs and must be treated with caution.

Using imputed household income values, New York City's renters earned \$23,600 in 1995, nearly one-fifth higher than income reported under the traditional income computation (\$20,000). The imputation approach raises median income for stabilized renters from \$21,600 to \$25,300. The median is higher because about 50,000 additional stabilized households are assigned to income groupings above \$20,000 than would otherwise be assigned to this category under the unimputed method. One way to look at the two methods is that almost 45,000 families who were assumed to be in the \$5,000 to \$9,999 income category under the former method were assigned to categories above \$20,000 using the imputation technique. Half of these families were assigned to the \$50,000 to \$59,999 and \$100,000 or more income categories. In other words, of the stabilized households not reporting income data, most had above-average incomes according to statistical procedures used by the Census Bureau.

Using similar imputation methods to compute contract rent, 7,500 families in rent-stabilized apartments assumed to cost less than \$700 per month in the former approach were placed in rent categories above \$700. The imputation method found that proportionally more stabilized households pay over \$1,750 for rent each month than under the former method. Despite the distributional differences, the median contract rent for stabilized households is \$600 under both computation methods.

Finally, imputed contract-rent-to-income ratio data places almost 45,000 stabilized tenants assumed to pay more than 20% of their incomes toward rent into categories of less than 20%, the majority of whom spend less than 10% on contract rent. Thus, the median contract rent-to-income ratio for rent-stabilized tenants using imputed data was found to be 27.6% compared with 30.7% computed under the traditional method. Findings of the imputed data are significantly different from HVS data using traditional calculations. Without imputed data for the 1993 HVS, however, we cannot analyze trends in housing affordability using imputed data.

Housing Court Actions

In addition to income and rents, the RGB gathers housing court data to assess the impact of changing economic conditions on New York City's renters. Specifically, housing court actions are reviewed to determine the proportion of tenants having difficulties covering their rental payments, and evictions are tracked to measure the number of households experiencing the most severe affordability problems.

Both renters and owners utilize the Housing Part of New York City's Civil Court system, better known as Housing Court, to resolve their disputes. Tenants typically file cases because of housing code violations. Owners of rental properties call on the assistance of Housing Court for several reasons, the vast majority (92%) of which are to obtain rent from delinquent tenants. Property owners are eligible to file non-payment petitions in New York City's Housing Court when a tenant is late in paying rent – the typical lag between when payment is due and when non-payment petitions are filed is approximately two to three months. Petitions inform delinquent tenants that an action has been filed in Housing Court and that a response is due within five days.

There are, of course, several reasons a tenant may be late paying rent. Some tenants are withholding rent because of a dispute regarding warranty of habitability. Tenants file actions with one of two venues – Housing Court or the New York State Division of Housing and Community Renewal (DHCR). Tenant actions tracked by the Housing Court Administrator show that 9,800 cases were filed by tenants for housing code violations in 1996, slightly more than the 9,700 new cases filed a year earlier. In addition, tenants filed 6,853 and 4,277 overcharge complaints with DHCR in FY 1996 and FY 1997, respectively.

In other non-payment cases, the tenant may have mailed the rent but the payment was not recorded or there is a billing error. The bulk of remaining cases are likely due to the tenant's unwillingness or inability to pay rent. Unfortunately, no concrete statistics are available for this category. Nonetheless, we track non-payment figures as a rough measure of the affordability of New York City's rental housing.

The number of non-payment proceedings filed by landlords totaled 373,000 in 1983, the first year for which the RGB has data. Proceedings declined steadily in subsequent years and hovered around 300,000 from 1987 to 1994. Non-payment actions dropped once again in 1995, declining 10%. In 1996, 275,000 petitions for non-payment of rent were initiated, 3.4%

more than in 1995. (See graph, next page.) This increase may reflect that rents are rising faster than tenants' incomes, creating additional cases where tenants are having difficulty paying their rents.

Unlike non-payment petition filings which remained steady during the recession, the number of cases making it to the trial stage (non-payment summary proceedings noticed for trial less restorations) increased steadily between 1987 and 1993, but declined slightly during the current economic recovery. This pattern mirrors the strengthening economy, with tenants better able to afford rents or resolve payment problems when they arise. However, non-payment proceedings noticed for trial increased slightly by almost one percent in 1996, perhaps indicating that the economic gains in the last year are not sufficient to help all tenants cover rising rents.

While court filings have declined over the long run, the proportion of these cases reaching trial have steadily risen. In the mid-1980s 300,000 to 350,000 non-payment proceedings were initiated against delinquent tenants each year, approximately one-quarter of which went to trial. In recent years, however, fewer than 300,000 non-payment cases have been initiated, while roughly 40% are scheduled for court appearances. Why have proportionally fewer tenants been able to resolve non-payment actions prior to reaching court? Perhaps owners are now filing non-payment proceedings for only those cases where they are willing to go to trial.

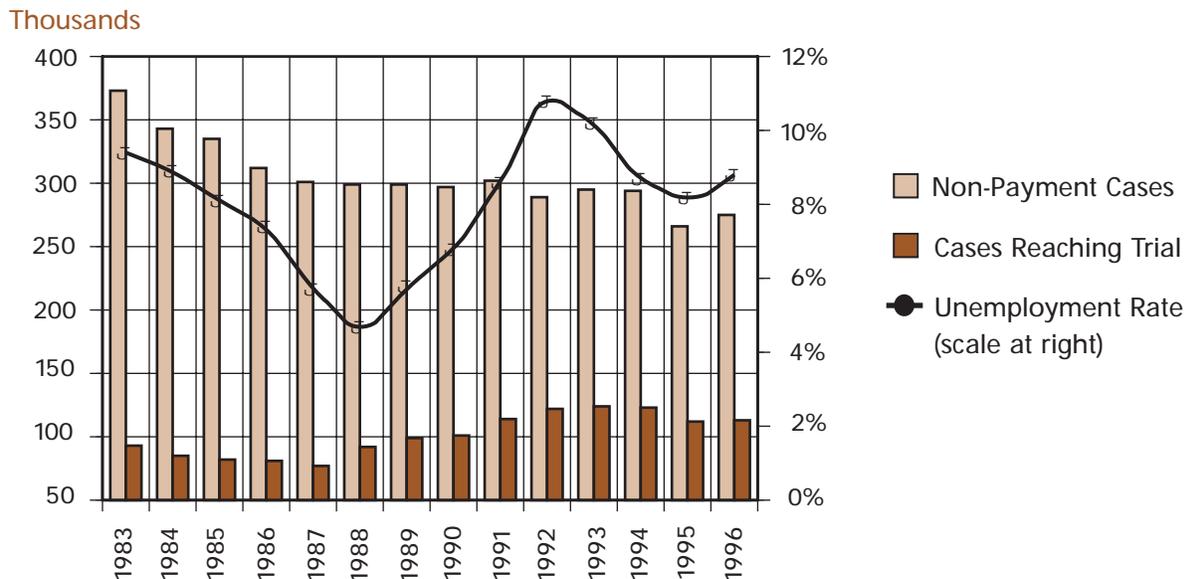
Of the 113,000 cases scheduled for trial in 1996, more than one-fifth (22%) ended in evictions or possessions⁴ being warranted. Presumably, some delinquent tenants leave voluntarily before being served with a notice of eviction or possession by a City Marshal, while other evictions arise from problems apart from non-payment of rent. The number of evictions increased from a recent low of 20,400 in 1991 to almost 24,000 in 1994. Though evictions and possessions declined by 5% in 1995, the Bureau of City Marshals conducted 24,400 evictions in 1996, a 7% rise from 1995 and the highest number since 1989 when more than 25,000 evictions were carried out. (See Appendix E8.)

Public Benefits

History shows that the performance of the economy, and more specifically the condition of the employment market, is the single largest determinant of the ebbing and flowing caseload of public assistance recipients in New York City. From 1990 to 1992, the City's economy

Housing Court Actions Mirror the Unemployment Rate, though they are Less Erratic

(Cases Filed with the New York City Housing Court)



Source: New York City Civil Court, Deputy Chief Clerk; U.S. Bureau of Labor Statistics.

lost more than 300,000 jobs, representing 9% of its workforce. During this period, the public benefits caseload swelled by 170,000 people. Though the City pulled out of the recession in 1993 adding 2,000 new positions, 77,000 additional cases made their way to the public benefits rolls.

The continued caseload increase at the same time employment was expanding was either a lagged response or something other than the contracting employment market was forcing people to enter the public assistance rolls. Structural changes in the economy also affect the ability of low-skilled workers, in particular, to find employment. As RGB researchers found in the 1992 Income and Affordability Study “[t]he forces of economic recession brought low-income households back into the public assistance sphere at a faster rate than they were taken out by economic prosperity.”⁵ Perhaps a structural change has taken place in New York City’s employment sector, one that demands more skills of its workers. It is possible that the newly created jobs are going to suburban dwellers rather than residents within the City’s boundaries.

With few job opportunities for its low-skill workers and burgeoning public assistance rolls, early in its tenure

the Giuliani Administration devised a plan to introduce public assistance recipients into the workforce. At the same time, the new Administration aimed to eliminate abuse within the public assistance system, thereby relieving the overburdened government budget. Immediately, the Giuliani Administration implemented changes in its income support programs run by the Human Resources Administration. Strong emphasis was placed on moving more Home Relief recipients into work programs such as the Work Experience Program (WEP).

By FY 1995, the department commenced its “finger imaging system” to detect Home Relief recipients receiving multiple payments. This identification system, combined with enhanced job requirements and improved economic conditions, led to a 10% reduction in the Home Relief caseload in 1995 from its peak of 300,000 cases a year earlier. The number of individuals receiving Home Relief continued to drop in successive years and reached 200,000 cases in 1997, no doubt caused by the continued anti-fraud measures, new employment requirements, and possibly new job opportunities in the expanding private sector.

Similar efforts to detect fraud and encourage employment were broadened to Aid to Families with

Dependent Children (AFDC) recipients, helping reduce the already declining AFDC caseload by 10% between 1995 and 1997. Currently, New York City is providing AFDC and Home Relief benefits to fewer than one million recipients, the lowest level since 1990. (See graph on this page.)

In slashing its caseload, the Human Resources Administration now rejects more than half of its applications for public assistance compared with a rejection rate of approximately one-quarter in prior years. Though these changes in benefit requirements, added to the economic recovery, have been effective in reducing public assistance rolls, there is no tracking of those who are denied benefits. Available data does not tell us how many people who are eligible for benefits are discouraged from applying or how many have been denied benefits because they have not met workfare requirements.

Though the reduction in the City's caseload has been substantial, the most dramatic change in public benefits, yet to be realized, stems from the Personal Responsibility and Work Opportunity Reconciliation Act signed by President Clinton on August 22, 1996. This law replaces AFDC with block grants to states under the rubric of Temporary Assistance to Needy Families (TANF). True to its name, this Act provides *temporary* assistance barring families from receiving Federal assistance for longer than five years. The new law also imposes work requirements on mothers who have children at least five years old. Immigrant eligibility for TANF and Medicaid are to be determined by individual states.⁶

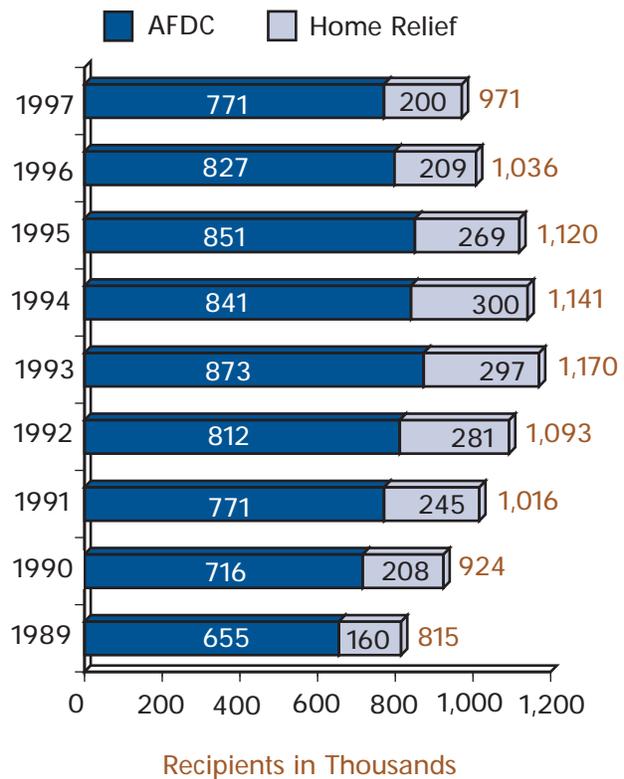
In the short run, states and cities will receive more funds under the new block grant system than they would have under the former need-based system. However, the grant levels remain the same until 2002 with no allowance for inflation or population growth.

Like most localities, New York City is grappling with how to follow Federal welfare rules and provide for its needy without facing a severe budget crisis. As inflation erodes the Federal block grant and the City faces the possibility of reduced Federal funds should it not find suitable employment for large segments of its recipients, New York City will find it more and more difficult to support its poor. The 1996 HVS found that roughly one-quarter of all renter households in New York City (totaling 418,000 households) receive some form of public assistance including AFDC, Home Relief or Supplemental Security Income. Nearly half of these households (197,000) live in stabilized apartments.

Housing officials are uncertain how these monumental changes in welfare benefits will impact current housing programs. With lower incomes, families who receive housing subsidies such as Section 8 will have less to contribute toward their rent enlarging the government's portion of the rental payments. Though these changes will play out in the long term, the President and Congress have proposed reverting the overall FY 1998 budget for the U.S. Department of Housing and Urban Development (HUD) to its pre-recession level of \$25 billion. This level would allow for full funding of expiring Section 8 contracts providing much-needed funding for local housing authorities, non-profit housing operators, and individual landlords. □

Public Benefits Cases Decline due to Strict Screening and Work Requirements as well as the Improved Economy

(Number of Public Assistance and Home Relief Recipients)



Note: 1997 reflects the first four months of the fiscal year.
Source: Office of Operations, Mayor's Management Report.

End Notes:

1. Editor's Note: New York City gained an additional 21,000 jobs during the first six months of 1997.
2. Median contract rents and contract rent-to-income ratios are interpolated from the distribution of households falling into rent and income categories - as recommended by the Census Bureau.
3. The 1996 HVS allows computation of rent-to-income ratios based on the amount of rent tenants pay from their own pockets (i.e. contract rent minus subsidies). Using this measure, 11% of households pay more than 70% of income toward rent.
4. In possessions, City Marshals change the apartment locks and provide keys to the owner who then negotiates with the tenant regarding delivery of apartment contents; in evictions, Marshals remove and store apartment contents.
5. "Rent-Stabilized Housing in New York City, A Summary of Rent Guidelines Board Research, 1992", page 68.
6. Editor's Note: Two days shy of the Personal Responsibility and Work Opportunity Reconciliation Act's one-year anniversary, the State of New York enacted its own sweeping welfare reform package. Major program provisions include: (1) adopting the Federally mandated five-year limit on cash assistance to families with dependent children, (2) ending the State's Home Relief program and replacing it with two years of cash assistance for those not qualifying for TANF, followed by a combination of cash and vouchers for basic needs, (3) denying State-financed benefits to legal immigrants during their first year in the country, and (4) requiring teen parents to reside with family or in a supervised living arrangement and to attend school if their child is more than 12 weeks old.

Housing Supply

✓ Housing Supply Report



The Rent Guidelines Board

1997 Housing Supply Report

WHAT'S NEW

- ✓ The 1996 HVS shows that owner apartments increased by 31,000 since 1993, while rental units declined by 20,000 dwellings. In all, New York City gained 10,000 housing units between 1993 and 1996.
- ✓ Vacant rentals grew by 11,000 apartments helping to bring the rental vacancy rate up to 4.01% from 3.44%.
- ✓ Almost 8,600 new dwellings were approved for construction in 1996, two-thirds more than in 1995. New units continue to rise with one-fifth more residences issued permits during the first half of 1997 than the same period last year.
- ✓ Only 1,085 new apartments received 421-a exemptions in 1996, less than half the number receiving such benefits in 1995 and a fraction of the level common in the late 1980s.
- ✓ Cooperative and condominium construction and conversion plans submitted to the Attorney General's Office declined by one-quarter since last year.
- ✓ An additional 70,000 dwellings obtained J-51 tax benefits in 1996, about the same number of rehabilitated residences coming into the program last year.
- ✓ New York City's first tax lien sale in May, 1996 included 4,000 multifamily apartment and mixed-use buildings (Class II and IV). The sale brought in \$400 million. The second tax lien sale held in May, 1997 included about 6,900 properties - no property types were excluded from the sale.

Introduction

Last year's incipient housing construction recovery is gaining pace with more new dwelling units permitted in 1996 than in any year since 1989. Following three years of economic recovery – during which time 75,000 jobs have returned to the City's employment sector, inflation has remained under 3%, mortgage interest rates are at historic lows, and rents as well as rental collections are rebounding – builders finally deem it fruitful to produce new housing. New dwellings issued permits in 1996 grew by two-thirds over 1995. If the number of units issued permits in 1997 follows 1995 and 1996 patterns, newly constructed units this year could top 10,000. Thousands of additional housing units are being fashioned from commercial buildings or are being brought back to the housing stock through substantial rehabilitation.

New York City's Housing Inventory

According to the 1996 Housing and Vacancy Survey, the percent of renter-occupied households relative to all occupied dwellings declined slightly from 71% in 1993 to just under 70% in 1996. This shift resulted from both a reduction in occupied rental units by 30,500 and a rise of 27,700 owner-occupied dwellings. All renter units including occupied and vacant dwellings available for rent declined by 20,000, while all owner-occupied units and vacant homes available for sale grew by 31,000, contributing to the 10,000 unit net increase in the City's housing inventory. (Approximately 1,400 units were added to the inventory from the pool of housing that was not available for rent or sale at the time of the 1993 HVS.)

Though the 1996 HVS found several thousand more one- and two-family homes, the expansion in the owner-occupied stock stems from approximately 22,000 additional cooperative and condominium apartments than three years ago. At the same time, all categories of rental housing with the exception of stabilized apartments declined in number. More than likely, the 6,000 unit drop in private rentals were not lost units, rather the majority were converted to private cooperatives and condominiums. (See page 74 for further discussion of coops and condos.)

With a decline of almost 20,000 rental units and an 11,000 unit rise in vacant apartments available for rent, the vacancy rate for New York City's rental stock increased from 3.44% in 1993 to 4.01% in 1996. The rise in the vacancy rate may stem in part from the period in which HVS interviews were conducted. The Census Bureau typically surveys households in the period from January to May. However, two Federal government shutdowns and a snow storm delayed HVS interviews by several months. This forced Census to hold some of the interviews in late May and June, the beginning of the moving season.

While stabilized apartments account for close to one-third of all additional vacant units observed between 1993 and 1996, almost half of the newly vacant available units (4,649) are located in the public housing stock (see table, next page). Given that less than one-tenth of all rental apartments are in public housing developments (totaling approximately 170,000 dwellings), this increase in vacant units is dramatic. In fact, the rental vacancy rate in public housing

jumped more than threefold from 1.03% in 1993 to 3.75% in 1996. The rise in these empty apartments helps explain the substantial increase in the vacancy rate for apartments renting for less than \$500 as all but a few public housing apartments cost less than this amount.

With a waiting list expanding to 336,000 families in 1996, what explains this surge in untenanted public housing apartments? The Preliminary FY 1997 Mayor's Management Report released by the Office of Operations provides a hint. In a footnote to the section on applicants placed in public housing, the report states: "Negotiations between HUD, NYCHA, and HPD to authorize priority placement of 2,998 families identified by HPD delayed leasing units until November 1996." In addition, the indicator covering days per turnover has continually mounted since the early 1990s when the number of days a public housing apartment remained vacant before the new tenant moved in averaged 12 days. This number has risen each year, and by FY 1996 the average number of days vacant swelled to 59. (See graph below.) The FY 1997 preliminary Mayor's Management Report attributes the increase to Section 504 conversions (which involve adapting apartments to comply with the Americans with Disability Act), NYCHA's stringent screening procedures, and difficulty placing tenants in smaller, less desirable apartments. These leasing problems coupled with the lengthy waiting list for conventional public housing dwellings have contributed to the surge in families waiting for Section 8 apartments from 116,000 in FY 1993 to 263,000 in FY 1996. Overall, the public housing waiting list has doubled since FY 1990.

Changes in the Housing Inventory

New Additions

The housing inventory is typically enlarged through new construction, though substantially rehabilitated apartments (see section on tax-delinquent properties page 76) and converted dwellings also contribute to the pool of new residences. The number of permits authorized for new construction forecasts how many new dwellings will be completed and ready for occupancy one to three years in the future, depending on the type of housing structure and weather conditions. According to Census Bureau statisticians, the gap between units issued permits and those that are actually constructed has closed significantly in recent years. Costs and time commitments inherent in planning new housing have mounted, discouraging developers from submitting permit applications for dubious housing plans. Thus, tracking permits is a solid measure of new housing coming on line in the near future.

Last year, 8,652 new housing units were authorized for construction, two-thirds more than in 1995 (5,135). An additional 4,200 dwellings are planned for construction in the first half of 1997, twenty percent more than were permitted during the first half of last year. While new units planned in the Bronx and Brooklyn have remained at 900 new residences in each of the last three calendar years, considerably more dwellings were scheduled for construction in Manhattan, Queens, and Staten Island in 1996 than during the previous two years. Over 3,300 new units are slated to be built in Manhattan, three times more than in 1995; 1,300 are being built in Queens, nearly twice as many as the previous year; and almost fifty percent more units were authorized in Staten Island in 1996, all of which are in 1-4 family homes. (See Appendix G.2.)

Only one-third of all units issued permits in 1995 were located in buildings containing five or more apartments, compared with just over half of

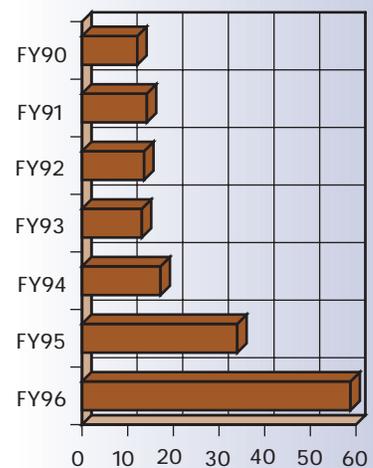
VACANT AVAILABLE RENTALS

	1993	1996	Change
Total	70,345	81,256	+10,911
Controlled	NA	NA	NA
Stabilized	34,071	37,549	+3,478
Pre-1947	27,534	29,381	+1,847
Post-1946	6,537	8,168	+1,631
Mitchell Lama	2,539	3,500	+961
Public Hsg.	1,801	6,450	+4,649
Other	31,934	33,758	+1,824
Vacancy Rate			
All Rental	3.44%	4.01%	+17%
Public Hsg.	1.03%	3.75%	+264%
Excl. PH	3.66%	4.03%	+10%

NA: Once a rent controlled unit becomes vacant it typically reverts to rent stabilization.

Source: 1993 and 1996 New York City Housing and Vacancy Survey.

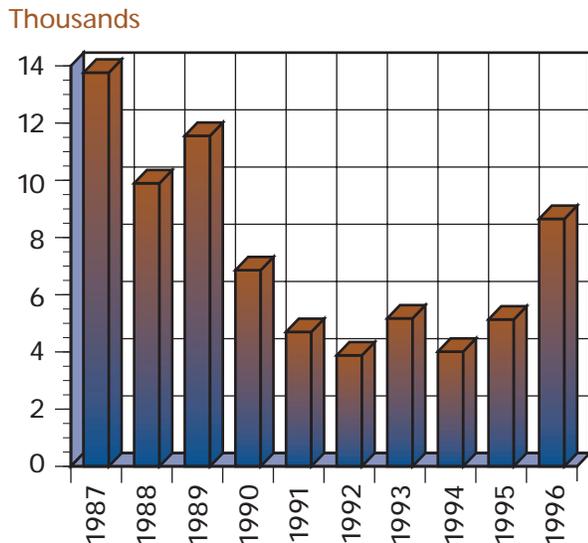
Days Public Housing Apartments Remain Vacant



Source: Mayor's Management Report, Office of Operations, FY90-FY96.

Dwellings Slated for Construction Jumped 68% in 1996

(Units Issued New Housing Permits)



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

the 8,652 residences authorized in 1996. Though most apartments in multifamily buildings will be available to renters, an estimated 300 to 600 will be built as cooperative or condominium apartments.¹

Tax Incentive Programs

Many new multifamily properties containing three or more rental units receive tax exemptions under the 421-a tax incentive program created in 1970. The City Council recently extended this program to the end of the century.

Section 421-a of the New York State Real Property Tax Law, and its counterpart for conventional, one- to two-family homes denoted 421-b, enable owners to reduce the taxable assessed value of eligible properties. In other words, owners are exempt from paying additional real estate taxes on the increased value of the property due to the improvement, i.e. housing structure. Rental apartments built with 421-a tax exemptions are subject to the provisions of the Rent-Stabilization Laws during the exemption period. Thus, 421-a tenants share the same tenancy protections as stabilized tenants and initial rents approved by HPD are then confined to increases established by the Rent Guidelines Board.²

The level and duration of 421-a benefits depend on geographic location, reservation of units for low- and moderate-income families, construction periods, and government involvement. Rental properties located in what is known as the Manhattan exclusion zone receive exemptions for ten years – the last eight of which taxes are phased in at 20% every two years – if (1) the property includes substantial government assistance, (2) at least 20% of the dwellings are reserved for low to moderate income occupants, or (3) the developer/owner participates in a lower income housing production program elsewhere in the City. Properties in Manhattan outside the exclusion zone receive an exemption for 10 to 25 years depending on location, whether they meet one of the first two conditions listed above, and whether they are located in a neighborhood preservation area. New properties in the outer boroughs receive exemptions for 15 to 25 years depending on compliance with conditions one and two above and location in a neighborhood preservation area. The Giuliani administration has proposed making properties in the exclusion zone eligible for tax benefits if developers contribute funds toward refurbishing already occupied low-income buildings elsewhere in the City. Through this change, which requires approval of the New York State Legislature, the administration hopes to save distressed buildings at risk of abandonment.

The number of new apartments receiving 421-a exemptions in 1996 dropped to 1,085 dwellings, less than half the number coming into the program in 1995 and a sharp decline from the late 1980s when an average of 8,000 new units per year received exemptions. In total, about 42,000 apartments are currently receiving 421-a benefits, one-half of which are are condominiums and one-third are rental units. As exemptions expire, rental apartments are no longer governed by rent regulation rules.

The recent drop in new units receiving 421-a benefits is in contrast with the flurry of large developments in the pipeline. For example, the latest Trump development called Riverside South is scheduled to receive tax exemptions for its 5,700 planned units; and Manhattan West, a development with 1,000 apartments, is also slated for 421-a benefits. The explanation could be that benefits are applied for during each phase of construction expanding the number of years in which applications for tax benefits are submitted. Also, rising market rents may be sufficient for some developers to produce new housing without government incentives.

In addition to 421-a, newly constructed housing is eligible for tax exempt financing. Such bonds lower mortgage expenses allowing owners to cover production and operating costs with prevailing market rents. The Federal government appropriates the dollar value of tax exempt bonds to states which then allocate them to localities through the 80/20 housing program. In exchange for tax-exempt financing, at least 20% of the apartments must be set aside for low- and moderate-income families. Rental income from market rate apartments, in addition to lowered financing costs resulting from the tax exempt bonds, subsidize the rents of low-income tenants.

Tax exempt bonds may provide sufficient funding for builders to forego 421-a tax exemptions enabling owners to avoid rent-stabilization stipulations. It should be noted, however, that many new apartment buildings receive both tax exempt financing as well as 421-a tax exemptions and that both types of assistance may require one-fifth of the units to be set aside for low- and moderate-income families. (For noted exceptions to the 20% set aside rule under the 421-a

program, see above.) The same apartments can be used to satisfy both programs. In other words, only 20% of the units must be set aside rather than 40% when receiving benefits from both programs.

Conversions and Subdivisions

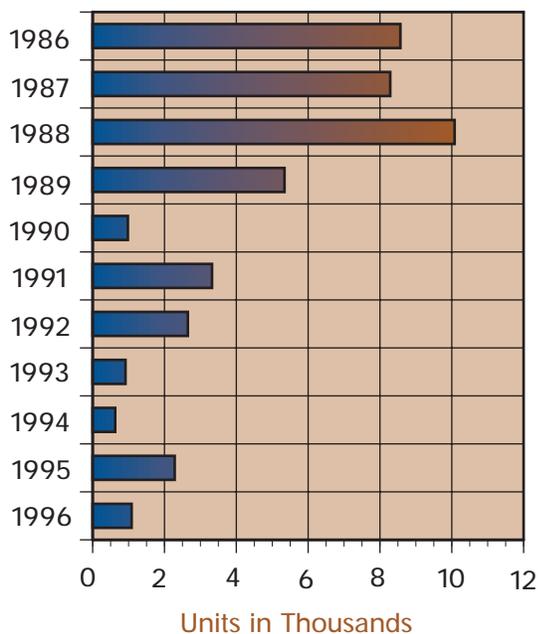
The growing demand for rental housing and the high costs involved in new development have encouraged owners to create new apartments through alternative methods. More specifically, new dwellings are fashioned from larger homes (subdivisions) and from buildings originally constructed for non-residential purposes (conversions). Many three and four story brownstones lining the streets of Manhattan and Brooklyn, built as large, single-family homes a century ago, have been sectioned off into one or more apartments per floor. For the most part, these divisions have received approval from City building inspectors. Subdivided dwellings in recent years, however, appear to be increasingly illegal, though of course no reliable statistics are maintained allowing for study of illegal apartments. Single-family homes in Queens, for example, are being converted to rooming houses hosting sometimes several families at a time and creating overcrowded neighborhoods. Such high-density living in what was intended to be single-family communities has placed a burden on local schools, transportation, and other private and government services. These metamorphosing neighborhoods have received much attention in recent months stemming from the “Barely Four Walls” series in the New York Times last October.³

In addition to dissected quarters, new apartments are created through conversion. In the last three decades new housing has been built in Manhattan’s old warehouses in what became trendy neighborhoods such as SoHo and TriBeCa. These former commercial spaces were converted to lofts attracting both artists requiring studio space and families not wanting cramped apartments in post-war buildings in more traditional neighborhoods. Newly converted apartments are again on the rise in TriBeCa, the “meat packing” district, and in underutilized or obsolete Wall Street office buildings. Community Board 1 estimates that more than 200 new lofts are under way in TriBeCa and that as many more are planned for construction soon.

A new incentive plan, the Commercial Revitalization Program, is designed to encourage commercial and residential improvement and development in lower Manhattan. Acknowledging the high commercial vacancy rate in downtown office

New 421-a Units Have Dropped Off Since the Late 1980s

(Units Receiving Preliminary Certificates)



Source: NYC Department of Housing Preservation and Development.

buildings and the low housing vacancy rate Citywide, the Pataki administration signed the plan into law on October 29, 1995 encouraging builders to take advantage of tax abatements and exemptions as well as relaxed zoning restrictions in lower Manhattan when upgrading buildings for retail, commercial, and residential use. The law provides up to 12 years of phased tax exemptions and 14 years of phased tax abatements in addition to reduced electric rates for conversion of office properties to residential and mixed purposes, savings from which must be passed on to tenants. These benefits apply if building permits are issued before the end of FY 2002 and require residential units to abide by all rent-stabilization provisions during the benefit period.

Though the Department of Finance does not have program information available at this time, Manhattan Community Board 1 estimates that nearly 2,000 housing units are being converted from office buildings below Chambers Street.

Cooperative and Condominium Activity

A certain portion of new housing units produced each year are cooperatives or condominiums rather than rental apartments. New owner apartments help relieve the pressure on the rental market, assuming purchasers of owner dwellings formerly resided in rental apartments or would otherwise compete for rentals in New York City. Also, many apartments in these new coop and condo buildings will be offered for rent by their purchasers or by the sponsor if the apartments are not all sold at initial offering.

Owners hoping to convert their rental buildings to cooperatives or condominiums as well as developers wanting to build new coop or condo buildings must submit plans to the New York State Attorney General's Office. Of the 8,652 new housing units permitted in 1996, approximately 300 to 600 will be built in coop and condo buildings. (See endnote 1).

An additional 200 to 600 cooperative and condominium units have been converted from rental to owner units in each of the last few years according to the Attorney General's Office. Some are converted through eviction methods while other plans allow renters to remain in place. Though coop and condo conversions typically reduce the number of apartments available to renters, many pre-conversion tenants either purchase their apartments, and are therefore not forced to find new rental units, or are allowed to remain in their units as rental tenants. As time passes, however, additional rental apartments in converted buildings are

removed from the housing stock when renters move and those apartments are purchased. Thus, hundreds of additional renter-occupied units have been converted to owner-occupancy even as the number of units planned for conversion have dwindled in recent years.

HVS data appears to bear this out. The HVS shows that almost 13,000 owner-occupied cooperative and condominium dwellings were added to the inventory between 1993 and 1996, though plans for a mere 3,000 coop and condo units were submitted with the Attorney General's Office during these years. Apparently, many of the hundreds of thousands of apartments located in buildings converted to coops and condos in the last decade are finally being purchased. The heated rental market may be driving renters to buy apartments as the combined monthly costs including mortgage, taxes, and common charges of cooperatives and condominiums in many cases are lower than the rents for comparable housing units. Households are trading off the flexibility of renting apartments for lower monthly costs as well as accumulated equity.

Rehabilitation

The median age of New York City's housing is about 50 years, indicating that half of the existing inventory was built prior to the mid-1940s. New York City's aging stock requires periodic renovation in addition to regular maintenance to remain in livable condition. Owners wishing to undertake building alterations must submit a work application with the Department of Buildings. The data extracted from these applications tells us the number of "jobs" applied for, but some of these plans are never carried out, while others are submitted more than once as the scope of work changes. Thus, the RGB is forced to rely on the number of units receiving J-51 tax benefits as a rough measure of rehabilitation activity carried out each year.

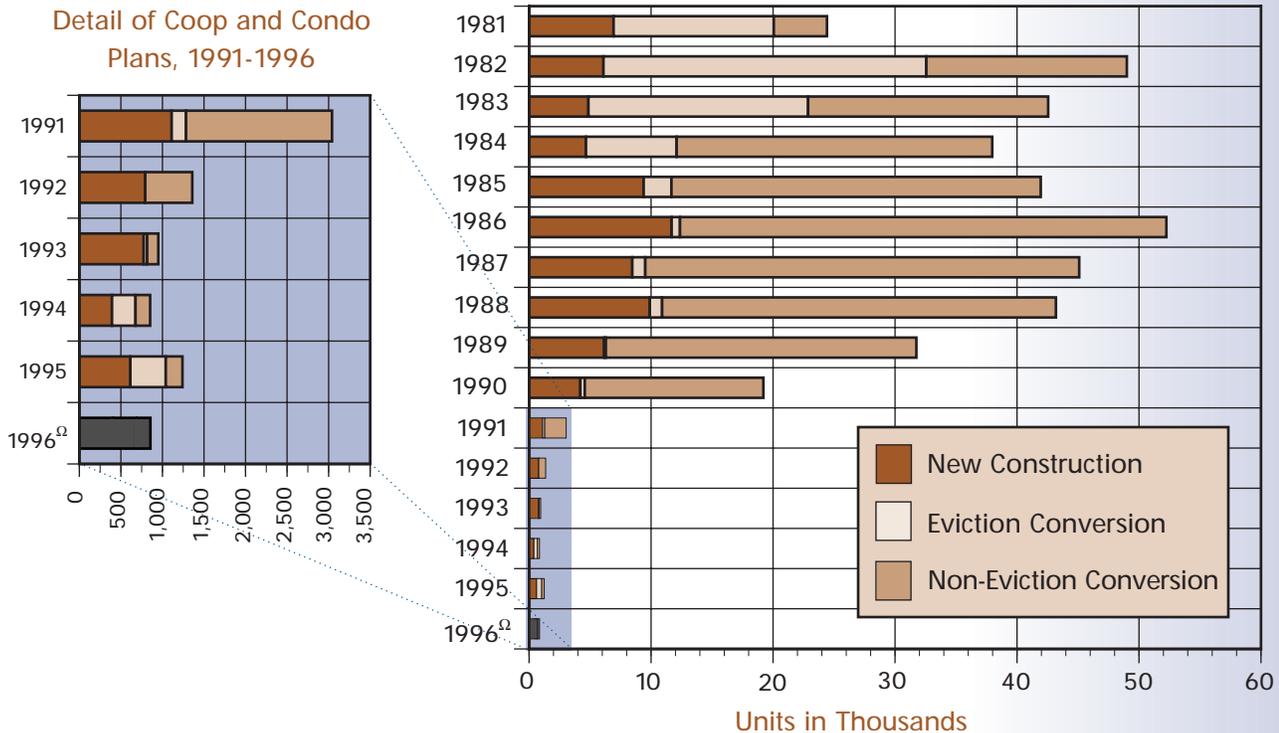
The City offers tax abatements and exemptions for rehabilitation through its J-51 program. Similar to 421-a apartments, rental units receiving J-51 tax relief are subject to rent regulations for the duration of the benefits. A major program stipulation is that the apartment tax assessment cannot exceed \$38,000 after completion, precluding units in many high-cost neighborhoods from qualifying for tax relief following rehabilitation. The exemption portion of the program allows owners to avoid paying additional taxes on the increased property value due to the rehabilitation, while the abatement reduces the tax liability on the cost of the improvement though a credit.

Eligible rehabilitation activities include major capital improvements (MCIs), substantial rehabilitation, conversions from non-residential uses, and moderate rehabilitation. Renovations qualifying as MCIs receive a tax exemption on the increase in assessed value due to renovation or rehabilitation for 14 years (10 years of full exemption followed by a 4-year phase-out period) and abatements on existing taxes up to 90% of the reasonable cost of approved rehab work at eight and one-third percent per year up to 20 years.

Moderate rehabilitation work requires significant improvement to at least one major building-wide system. Such projects receive a 34-year tax exemption and abatements up to 20 years to a ceiling of 100% of the reasonable cost. Government assisted housing receives “enriched” benefits including tax exemption for 34 years on the increase in assessed value and an abatement of 12.5% annually up to the actual claimed cost for as many as 20 years. Enriched exemption and abatement benefits are also available for conversions of Class A multiple dwellings and rehabilitation of Class A buildings that are not entirely vacant.

In the late 1980s and early 1990s, the number of units approved for initial J-51 tax abatements and exemptions each year was typically above 100,000

Coop and Condo Units Planned for New Construction or Conversion Are Well Below Levels of the 1980s



^Ω The number of units submitted for 1996 is an estimate based on the number of plans submitted in 1996 and the average building size of coops/condos submitted in prior years. No estimate of the breakdown among coop/condo types is available.

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

dwellings. 1992 saw the most new J-51 units in recent years when 144,000 apartments were rehabilitated under this program, about twice as many units as the last two years. More than 540,000 total dwellings are receiving J-51 tax benefits, the bulk of which are rentals in multifamily buildings (66%) and cooperatives (30%). Those rental apartments that were not stabilized prior to receiving tax benefits will no longer be subject to the City's rent regulations once their benefits expire. Judging from HVS data which shows that most units receiving J-51 benefits (87%) were built between 1920 and 1969, when most stabilized buildings were constructed, the majority of these units will remain stabilized after the benefit period.

Tax-Delinquent Property

Since 1994, the City has halted its former *in rem* foreclosure policy toward tax delinquent properties under which it took title to thousands of properties at least 12 months behind in taxes. Owners were entitled to redeem their properties during the four month period following vesting if they paid the delinquent taxes and related penalties; the following twenty

months were a discretionary period in which the City decided on a case-by-case basis whether the owner could recover the property following payment of taxes and fees. Most vested properties could not cover operating costs with rents, thereby costing the City billions of dollars as the *in rem* inventory swelled to unprecedented levels. In fact, the *in rem* stock was more than half the size of the Federally funded public housing units in the City.

Since 1985, the City has rehabilitated and transferred ownership of about 47,700 formerly vacant units in its stock to private or non-profit entities. (See graph, this page.) These apartments were returned to life in a Phoenix-like transformation providing tens of thousands of additional low-cost housing opportunities to needy families. The City has had less success in shedding its ownership role of occupied dwellings in Central Management, though it has sold buildings containing 16,000 of these apartments in the last decade. The City now has one-third as many *in rem* units in the Central and Alternative Management programs than it owned in 1986.

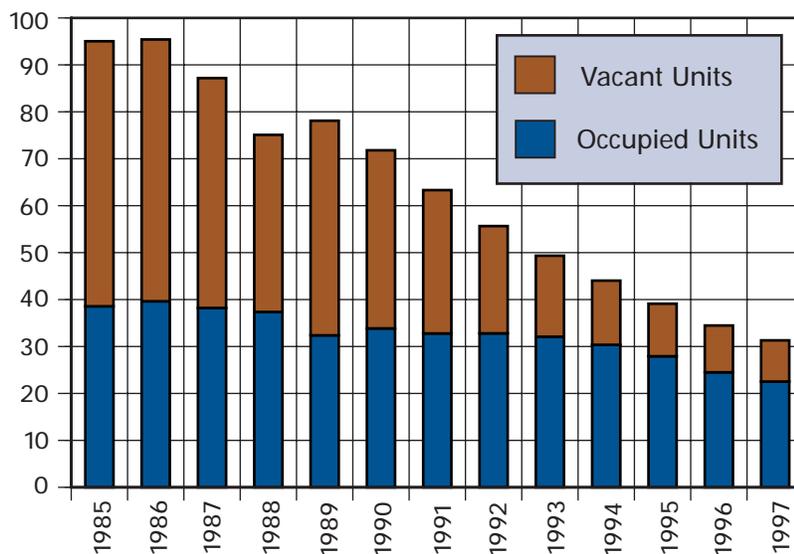
In an effort to reduce its involvement in the lengthy renovation process, the City now has only one program, the Tenant Interim Lease or TIL, under which the Department of Housing Preservation and Development (HPD) oversees rehabilitation of *in rem* properties prior to sale. Other disposition plans such as Neighborhood Entrepreneurs Program (NEP) and Neighborhood Redevelopment Program (NRP) require purchasers to manage the daily operations of the buildings as well as the renovations prior to purchase. The City often provides loans for rehabilitation work however, maintaining the City's financial interest in the future of these buildings.

Fiscal constraints led the City to review its *in rem* tax foreclosure policy. Vesting neither secured tax revenue nor provided a short term solution to preserving tax-delinquent residential buildings. In 1994, the City made public that it had essentially stopped vesting tax-delinquent properties and that it was designing a new plan to sell

The City Reduced Its *In Rem* Stock by Over 60,000 Dwellings Since 1985

(Units in Centrally Managed Stock)

Thousands



Note: 1997 reflects the FY97 plan.

Source: Mayor's Management Report, Office of Operations.

tax liens. The new approach launched the following year employs a triage system in which relatively healthy properties with low lien-to-market value ratios are bulked and sold to investment banks, while properties at risk of abandonment cannot be sold. These troubled buildings will be deeded to a qualified third party buyer who would be eligible for public loans for improvements, rent restructuring, and lowered or eliminated property taxes. HPD is also setting up an early warning system designed to help responsible private owners of troubled housing improve the financial and physical conditions of their buildings.

The first sale of tax liens on approximately 4,000 properties held in May, 1996 originally yielded \$400 million to City coffers, though properties that paid their taxes and related fees prior to sale are still being removed from the group of liens sold. The dollar value of liens on these buildings is subtracted from the original sale amount. The City also reaped approximately \$200 million in tax payments prior to the lien sale from owners fearful of losing their properties.⁴ Only liens on multi-unit apartment buildings and mixed-use properties were offered at the first sale (Class II and IV) held in May, 1996, while all properties were included in the pool of liens offered at the second lien sale a year later.

Local Law 37 established qualifications for determining if a building falls into the distressed category. A building is distressed if the taxes owed are more than 15% of the market value of the property, at least \$1 in taxes have not been paid in one year, and it has either \$1,000 in emergency repair liens against it or it has five or more hazardous (Class B) or immediately hazardous (Class C) outstanding housing violations. If all above conditions are met, the property can be deeded to a new owner whether a private or non-profit company. HPD estimates that the number of properties transferred to new ownership will be about the same as the number the City vested each year before it halted its vesting process. As many as a few hundred buildings were vested in the years preceding HPD's policy change, the years New York City was immersed in an economic recession.

Demolition

Very few residential buildings in New York City have been demolished in recent years, especially considering the size of the housing inventory. Only 380 buildings were toppled in 1996.⁵ The rapid decline in multifamily buildings torn down coincides with HPD's commitment to take over thousands of additional dwellings each year and eventually reconstruct new homes for moderate-income New Yorkers.

Future Prospects for Housing Programs

That programs to house low-income people in the United States are increasingly in disfavor with the U.S. legislature is no secret to many New Yorkers. Citizens nationwide feel the pinch as legislative actions trickle down to the common denominator – tenants in poverty-stricken neighborhoods. The budget for the Department of Housing and Urban Development (HUD), the largest single source of funds for local housing initiatives, was slashed by 25% to below \$20 billion in FY 1995 and has remained at this level since. The FY 1998 budget under consideration at this time, however, is expected to allocate additional funding to HUD. Prior to the August recess, both houses of Congress reached spending decisions on HUD's appropriation bill. Though neither house allowed

IN REM HOUSING

- The City demolished or rehabilitated and transferred ownership of more than 60,000 occupied and vacant dwellings in its Centrally Managed Stock from 1985 to 1996.
- The City reduced its Alternative Management inventory by an additional 6,000 units.
- Almost 50,000 formerly vacant dwellings have been returned to the rental market through the City's rehabilitation efforts.

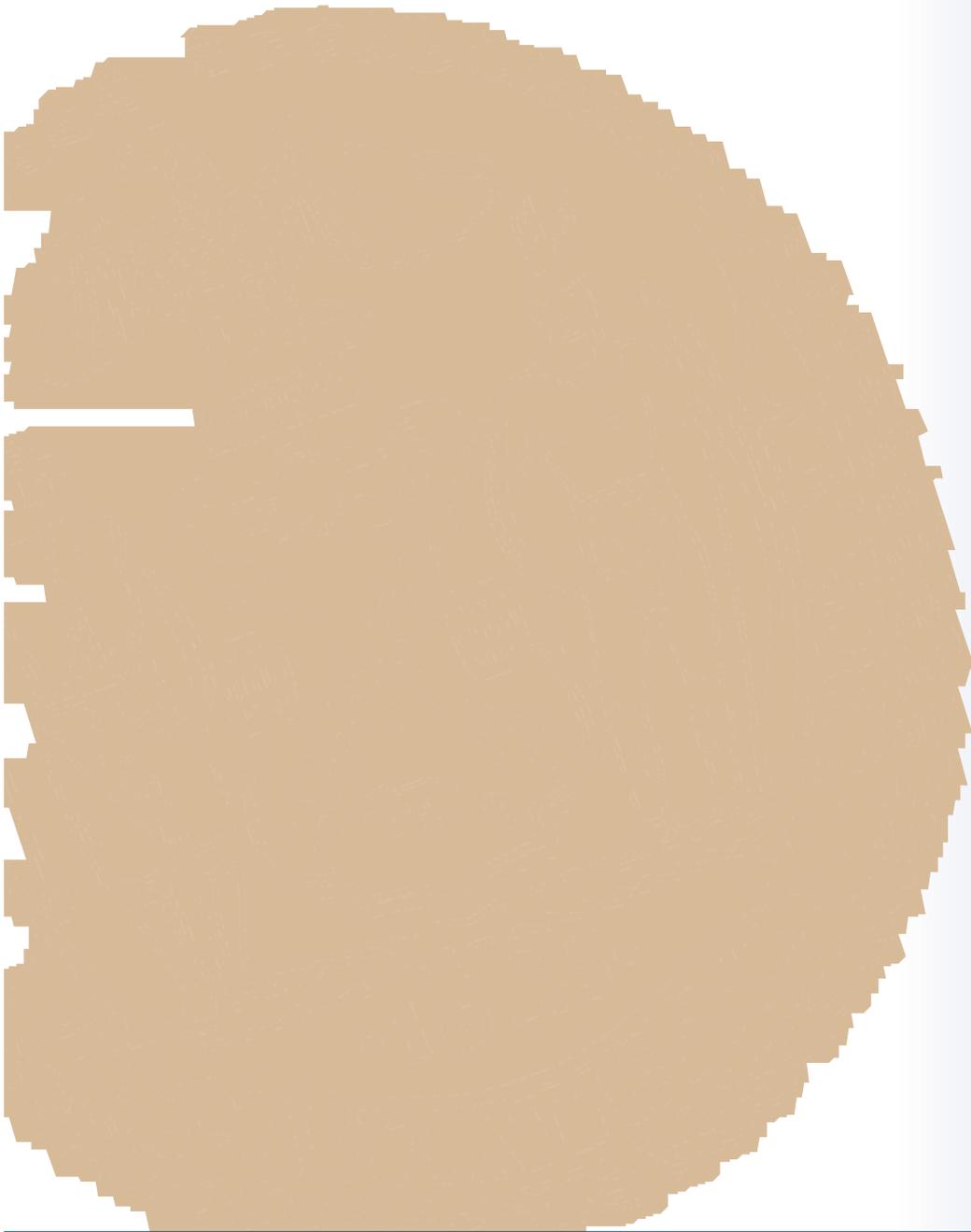
funding for new Section 8 contracts, both fully funded expiring Section 8 contracts with appropriations of \$9.2 billion and \$8.7 billion in the House and Senate, respectively.

New York City's economic upswing is encouraging developers to revisit plans they had abandoned during the recession and to offer them in altered forms. The combination of the economic expansion and higher rent levels has improved net operating incomes of rental buildings, thereby encouraging more new housing development in 1996 than in any year since the late 1980s. The tight rental market has also fueled the conversion of non-residential buildings to housing units – 2,000 apartments are already slated for conversion in Manhattan's Wall Street area. Should the economy continue expanding, additional housing will surely crop up throughout New York City's five boroughs. □

End Notes:

1. The Attorney General's Office provided RGB staff with the total number of plans issued in 1996 only; the total number of units located within these buildings is unavailable at this time. Units are estimated based on the average building size of coops and condos submitted in prior years.
2. Rents are allowed to rise an additional 2.2% during the period in which taxes are being phased in to 100%. This 2.2% escalation cannot be added to the base rent, however.
3. "Barely Four Walls" consisted of six articles uncovering some of the City's most pressing housing problems. The third article entitled "Behind a Suburban Facade in Queens, A Teeming, Angry Urban Arithmetic", exposed the dangerous, and mostly illegal, practice of carving apartments out of what were originally one- and two-family homes.
4. "New York City Shifts Tactics on Troubled Housing" by Alan S. Oser, *New York Times*, Sunday, June 16, 1996.
5. 1996 data from the Department of Buildings cannot be compared to Census Bureau data from prior years due to different reporting methods.

Appendices



Appendix A: Guidelines Adopted by the Board

A.1 Apartments & Lofts

On June 23, 1997, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 1997 and on or before September 30, 1998 for rent-stabilized apartments:

One-Year Lease	Two-Year Lease
2%	4%

A supplemental adjustment of \$15 per month may be added for apartments renting for \$400 or less as of September 30, 1997 provided that the combination of lease renewal and supplementary rent adjustment or any portion thereof do not result in monthly rent that exceeds \$415.

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

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

For Loft units that have met the legalization requirements under Article 7-C of the Multiple Dwelling Law, the Board established the following maximum rent increases for leases commencing or being renewed on or after October 1, 1997 and on or before September 30, 1998:

One-Year Lease	Two-Year Lease
2%	4%

A supplemental adjustment of \$15 per month may be added for lofts renting for \$400 or less as of September 30, 1997 provided that the combination of lease renewal and supplementary rent adjustment or any portion thereof do not result in monthly rent that exceeds \$415.

Leases for units subject to rent control on September 30, 1997 which subsequently become vacant and then enter the stabilization system are not subject to the above adjustments. The rents for these newly stabilized units are subject to review by the New York State Division of Housing and Community Renewal (DHCR). In order to aid DHCR in this review, the RGB has set a special guideline of 50% above the

Maximum Collectible Rent paid by the prior tenant or 40% above the Maximum Base Rent (plus applicable fuel adjustment charges) whichever is greater.

A.2 Hotel Units

On June 23, 1997, the Rent Guidelines Board (RGB) set the following maximum rent increases for leases commencing or being renewed on or after October 1, 1997 and on or before September 30, 1998 for rent-stabilized hotels:

Single Room Occupancy Buildings (SRO)	0%
Lodging Houses	0%
Class A Hotels	0%
Class B Hotels	0%
Rooming Houses	2%

The guidelines do not limit rental levels for commercial space, non-rent-stabilized residential units, or transient units in hotel stabilized buildings.

The allowable level of rent adjustment over the lawful rent actually being charged and paid on September 30, 1997 shall be 0% if:

- Ten percent or more of the units have been withheld from the rental market for a period exceeding thirty days, unless the owner can show a reasonable basis for the withholding; or
- Twenty percent or more of the dwelling units in the building are not registered with the State Division of Housing and Community Renewal pursuant to §2528 of the Rent Stabilization Code; or
- Fifty percent or more of the units have been leased, used, or dedicated to a use other than permanent residential housing at the legal level; and

The allowable level of rent adjustment over the lawful rent actually being charged and paid on September 30, 1997 shall be 0% on any unit if:

- The owner has failed to provide to the new occupant of that unit a copy of the Rights and Duties of Hotel Owners and Tenants, pursuant to §2522.5 of the Rent Stabilization Code.

Appendix B: Price Index of Operating Costs

B.1 PIOC Sample, Number of Price Quotes per Item, 1996 vs. 1997

Spec	Description	1996	1997	Spec	Description	1996	1997
211	Apartment Value	101	98	701	INSURANCE COSTS	430	421
212	Non-Union Super	66	75				
216	Non-Union Janitor/Porter	42	41	801	Light bulbs	5	7
	LABOR COST	209	214	802	Light Switch	6	8
				803	Wet Mop	5	6
				804	Floor Wax	8	9
301	Fuel Oil #2	33	32	805	Paint	12	12
302	Fuel Oil #4	9	9	806	Pushbroom	6	6
303	Fuel Oil #6	7	7	807	Detergent	9	8
	FUEL COSTS	49	48	808	Bucket	12	12
				809	Washers	11	10
501	Repainting	126	127	810	Linens	10	11
502	Plumbing, Faucet	38	33	811	Pine Disinfectant	9	7
503	Plumbing, Stoppage	41	32	812	Window/Glass Cleaner	9	7
504	Elevator #1	11	10	813	Switch Plate	8	8
505	Elevator #2	11	10	814	Duplex Receptacle	6	8
506	Elevator #3	10	10	815	Toilet Seat	17	11
507	Burner Repair	15	10	816	Deck Faucet	15	10
508	Boiler Repair, Tube	11	10		PARTS & SUPPLIES	148	140
509	Boiler Repair, Weld	7	6				
510	Refrigerator Repair	11	6	901	Refrigerator #1	11	10
511	Range Repair	10	10	902	Refrigerator #2	11	10
512	Roof Repair	23	22	903	Air Conditioner #1	6	5
513	Air Conditioner Repair	9	6	904	Air Conditioner #2	6	5
514	Floor Maint. #1	10	10	905	Floor Runner	8	8
515	Floor Maint. #2	10	10	906	Dishwasher	7	5
516	Floor Maint. #3	10	10	907	Range #1	7	5
518	Linen/Laundry Service	5	6	908	Range #2	6	5
	CONTRACTOR SERVICES	358	328	909	Carpet	10	10
				910	Dresser	12	5
				911	Mattress & Box Spring	11	7
601	Management Fees	57	55		REPLACEMENT COSTS	95	75
602	Accountant Fees	33	28				
603	Attorney Fees	23	21				
604	Newspaper Ads	19	19				
605	Agency Fees	5	5				
606	Lease Forms	7	7				
607	Bill Envelopes	10	10				
608	Ledger Paper	5	6				
	ADMINISTRATIVE COSTS	159	151		All Items	1448	1377

B.2 Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Apartments, 1997

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error	Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	REAL ESTATE TAXES	0.2554	1.0240	2.40%	0.0593	601	Management Fees	0.6744	1.0457	4.57%	1.0816
201	Payroll, Bronx, All	0.1230	1.0350	3.50%	0.0000	602	Accountant Fees	0.1450	1.0352	3.52%	1.0984
202	Payroll, Other, Union, Supts.	0.1179	1.0235	2.35%	0.0000	603	Attorney Fees	0.1385	1.0228	2.28%	1.2506
203	Payroll, Other, Union, Other	0.2902	1.0225	2.25%	0.0000	604	Newspaper Ads	0.0043	1.0493	4.93%	1.8116
204	Payroll, Other, Non-Union, All	0.2675	1.0293	2.93%	1.0788	605	Agency Fees	0.0057	1.0030	0.30%	1.2165
205	Social Security Insurance	0.0475	1.0226	2.26%	0.0000	606	Lease Forms	0.0106	1.0151	1.51%	1.4853
206	Unemployment Insurance	0.0095	0.9760	-2.40%	0.0000	607	Bill Envelopes	0.0114	0.9603	-3.97%	4.0943
207	Private Health & Welfare	0.1444	1.0026	0.26%	0.0000	608	Ledger Paper	0.0101	0.9924	-0.76%	0.7702
	LABOR COSTS	0.1665	1.0226	2.26%	0.2886		ADMINISTRATIVE COSTS	0.0823	1.0389	3.89%	0.7682
301	Fuel Oil #2	0.2522	1.0319	3.19%	0.7103	701	INSURANCE COSTS	0.0657	1.0187	1.87%	1.6834
302	Fuel Oil #4	0.2158	1.0059	0.59%	0.8615	801	Light Bulbs	0.0396	1.0000	0.00%	0.0000
303	Fuel Oil #6	0.5320	0.9901	-0.99%	1.2119	802	Light Switch	0.0492	0.9827	-1.73%	1.9548
	FUEL	0.1080	1.0041	0.41%	0.7023	803	Wet Mop	0.0426	1.0130	1.30%	1.2434
401	Electricity #1, 2,500 KWH	0.0144	0.9716	-2.84%	0.0000	804	Floor Wax	0.0406	1.0000	0.00%	0.0000
402	Electricity #2, 15,000 KWH	0.1772	0.9670	-3.30%	0.0000	805	Paint	0.2147	1.0054	0.54%	0.3529
403	Electricity #3, 82,000 KWH	0.0000	0.9661	-3.39%	0.0000	806	Pushbroom	0.0402	1.0119	1.19%	1.1562
404	Gas #1, 12,000 therms	0.0058	0.8997	-10.03%	0.0000	807	Detergent	0.0346	1.0059	0.59%	0.6343
405	Gas #2, 65,000 therms	0.0621	0.9994	-0.06%	0.0000	808	Bucket	0.0422	1.0168	1.68%	0.9733
406	Gas #3, 214,000 therms	0.1562	1.0053	0.53%	0.0000	809	Washers	0.1030	1.0172	1.72%	1.6046
407	Steam #1, 1.2m lbs	0.0170	0.9906	-0.94%	0.0000	811	Pine Disinfectant	0.0502	1.0141	1.41%	1.5636
408	Steam #2, 2.6m lbs	0.0064	0.9779	-2.21%	0.0000	812	Window/Glass Cleaner	0.0536	1.0000	0.00%	0.0000
409	Telephone	0.0124	0.9983	-0.17%	0.0000	813	Switch Plate	0.0424	1.0190	1.90%	1.9022
410	Water & Sewer	0.5485	1.0650	6.50%	0.0000	814	Duplex Receptacle	0.0364	0.9902	-0.98%	1.0334
	UTILITIES	0.1434	1.0293	2.93%	0.0000	815	Toilet Seat	0.0999	1.0324	3.24%	1.2270
501	Repainting	0.4117	1.0210	2.10%	0.6038	816	Deck Faucet	0.1108	1.0546	5.46%	2.5088
502	Plumbing, Faucet	0.1386	1.0347	3.47%	0.9597		PARTS AND SUPPLIES	0.0227	1.0145	1.45%	0.3947
503	Plumbing, Stoppage	0.1255	1.0181	1.81%	0.8361	901	Refrigerator #1	0.0900	1.0223	2.23%	1.0611
504	Elevator #1, 6 fl., 1 e.	0.0497	1.1249	12.49%	6.5624	902	Refrigerator #2	0.4781	1.0097	0.97%	0.5045
505	Elevator #2, 13 fl., 2 e.	0.0347	1.0932	9.32%	4.8506	903	Air Conditioner #1	0.0177	1.0000	0.00%	0.0000
506	Elevator #3, 19 fl., 3 e.	0.0197	1.0937	9.37%	4.9210	904	Air Conditioner #2	0.0221	1.0000	0.00%	0.0000
507	Burner Repair	0.0395	1.0046	0.46%	0.4618	905	Floor Runner	0.0857	1.0125	1.25%	1.1061
508	Boiler Repair, Tube	0.0453	1.0591	5.91%	4.8714	906	Dishwasher	0.0452	1.0093	0.93%	2.8806
509	Boiler Repair, Weld	0.0357	1.0286	2.86%	2.1094	907	Range #1	0.0428	1.0181	1.81%	0.9203
510	Refrigerator Repair	0.0136	1.0440	4.40%	2.9583	908	Range #2	0.2184	1.0051	0.51%	1.2985
511	Range Repair	0.0144	1.0265	2.65%	1.7118		REPLACEMENT COSTS	0.0099	1.01001	1.00%	0.4186
512	Roof Repair	0.0559	1.0259	2.59%	1.4588		ALL ITEMS	1.0000	1.02434	2.43%	0.1760
513	Air Conditioner Repair	0.0098	1.0231	2.31%	0.0000						
514	Floor Maint. #1, Studio	0.0003	1.0356	3.56%	1.9837						
515	Floor Maint. #2, 1 Br.	0.0006	1.0318	3.18%	1.9745						
516	Floor Maint. #3, 2 Br.	0.0050	1.0322	3.22%	1.9940						
	CONTRACTOR SERVICES	0.1460	1.0338	3.38%	0.5461						

B.3 Price Relatives by Building Type, Apartments, 1997

Spec #	Item Description	Pre-1947	Post-1946	Gas Heated	OIL Heated	MASTER METERED BLDGS	Spec #	Item Description	Pre-1947	Post-1946	Gas Heated	OIL Heated	MASTER METERED BLDGS
101	REAL ESTATE TAXES	1.0240	1.0240	1.0240	1.0240	1.0240	601	Management Fees	0.6268	0.8037	0.6548	0.7107	0.4729
201	Payroll,Bronx,All	0.1750	0.0729	0.0021	0.1541	0.0000	602	Accountant Fees	0.1763	0.1172	0.1063	0.1602	0.3601
202	Payroll,Other,Union,Supts.	0.1228	0.1182	0.1479	0.1093	0.0935	603	Attorney Fees	0.1764	0.0981	0.2375	0.1255	0.1429
203	Payroll,Other,Union,Other	0.1783	0.4315	0.3470	0.2804	0.3776	604	Newspaper Ads	0.0054	0.0032	0.0075	0.0040	0.0044
204	Payroll,Other,Non-Union,All	0.3716	0.1657	0.3386	0.2758	0.4003	605	Agency Fees	0.0069	0.0040	0.0094	0.0051	0.0056
205	Social Security Insurance	0.0444	0.0533	0.0524	0.0476	0.0457	606	Lease Forms	0.0153	0.0051	0.0075	0.0113	0.0169
206	Unemployment Insurance	0.0090	0.0097	0.0100	0.0095	0.0125	607	Bill Envelopes	0.0156	0.0051	0.0076	0.0116	0.0172
207	Private Health & Welfare	0.1231	0.1694	0.1240	0.1462	0.0932	608	Ledger Paper	0.0143	0.0047	0.0070	0.0106	0.0158
	LABOR COSTS	1.0243	1.0208	1.0220	1.0229	1.0228		ADMINISTRATIVE COSTS	1.0371	1.0413	1.0376	1.0391	1.0357
301	Fuel Oil #2	0.3165	0.0926	0.0063	0.2594	0.3923	701	INSURANCE COSTS	1.0187	1.0187	1.0187	1.0187	1.0187
302	Fuel Oil #4	0.2605	0.0875	0.1536	0.2135	0.1614	801	Light Bulbs	0.0388	0.0414	0.0406	0.0393	0.0758
303	Fuel Oil #6	0.4300	0.8151	0.8329	0.5311	0.4548	802	Light Switch	0.0474	0.0505	0.0496	0.0480	0.0926
	FUEL	1.0070	0.9952	0.9928	1.0040	1.0085	803	Wet Mop	0.0408	0.0487	0.0347	0.0474	0.0555
401	Electricity #1, 2,500 KWH	0.0207	0.0010	0.0227	0.0110	0.0000	804	Floor Wax	0.0384	0.0458	0.0326	0.0446	0.0523
402	Electricity #2, 15,000 KWH	0.1389	0.2340	0.0751	0.2164	0.0000	805	Paint	0.2180	0.2108	0.2447	0.2076	0.1110
403	Electricity #3, 82,000 KWH	0.0000	0.0000	0.0000	0.0000	0.5143	806	Pushbroom	0.0405	0.0411	0.0292	0.0400	0.0468
404	Gas #1, 12,000 therms	0.0074	0.0010	0.0043	0.0059	0.0002	807	Detergent	0.0328	0.0392	0.0279	0.0381	0.0447
405	Gas #2, 65,000 therms	0.0774	0.0325	0.1469	0.0350	0.0167	808	Bucket	0.0405	0.0483	0.0343	0.0470	0.0550
406	Gas #3, 214,000 therms	0.1449	0.1805	0.4401	0.0394	0.0545	809	Washers	0.1099	0.0932	0.1132	0.1005	0.0559
407	Steam #1, 1.2m lbs	0.0001	0.0490	0.0012	0.0001	0.0000	811	Pine Disinfectant	0.0499	0.0533	0.0522	0.0506	0.0977
408	Steam #2, 2.6m lbs	0.0001	0.0183	0.0004	0.0001	0.0000	812	Window/Glass Cleaner	0.0525	0.0560	0.0548	0.0531	0.1025
409	Telephone	0.0137	0.0097	0.0077	0.0148	0.0158	813	Switch Plate	0.0408	0.0487	0.0347	0.0473	0.0555
410	Water & Sewer	0.6298	0.4963	0.3194	0.7127	0.4055	814	Duplex Receptacle	0.0341	0.0407	0.0290	0.0396	0.0464
	UTILITIES	1.0329	1.0222	1.0180	1.0353	1.0069		PARTS AND SUPPLIES	1.0149	1.0135	1.0150	1.0141	1.0092
501	Repainting	0.4010	0.4732	0.5511	0.3880	0.3665	901	Refrigerator #1	0.0888	0.0996	0.0749	0.0999	0.0811
502	Plumbing, Faucet	0.1655	0.0829	0.1380	0.1406	0.1570	902	Refrigerator #2	0.4761	0.4981	0.4010	0.4997	0.4058
503	Plumbing, Stoppage	0.1470	0.0749	0.1249	0.1272	0.1420	903	Air Conditioner #1	0.0093	0.0372	0.0239	0.0156	0.0111
504	Elevator #1, 6 fl., 1 e.	0.0697	0.0184	0.0227	0.0626	0.0009	904	Air Conditioner #2	0.0117	0.0463	0.0297	0.0195	0.0139
505	Elevator #2, 13 fl., 2 e.	0.0192	0.0895	0.0054	0.0479	0.1046	905	Floor Runner	0.0821	0.0978	0.0460	0.0981	0.2340
506	Elevator #3, 19 fl., 3 e.	0.0073	0.0604	0.0442	0.0175	0.0368	906	Dishwasher	0.0392	0.0603	0.1437	0.0220	0.0134
507	Burner Repair	0.0401	0.0385	0.0200	0.0465	0.0353	907	Range #1	0.0496	0.0296	0.0476	0.0443	0.0436
508	Boiler Repair,Tube	0.0485	0.0466	0.0241	0.0561	0.0427	908	Range #2	0.2532	0.1412	0.2427	0.2111	0.2075
509	Boiler Repair,Weld	0.0372	0.0356	0.0185	0.0429	0.0326		REPLACEMENT COSTS	1.0100	1.0100	1.0094	1.0102	1.0105
510	Refrigerator Repair	0.0138	0.0152	0.0135	0.0143	0.0077							
511	Range Repair	0.0144	0.0158	0.0141	0.0150	0.0080							
512	Roof Repair	0.0620	0.0447	0.0402	0.0631	0.0461							
513	Air Conditioner Repair	0.0028	0.0301	0.0042	0.0069	0.0353							
514	Floor Maint. #1, Studio	0.0002	0.0005	0.0004	0.0004	0.0006							
515	Floor Maint. #2, 1 Br.	0.0005	0.0008	0.0007	0.0006	0.0093							
516	Floor Maint. #3, 2 Br.	0.0041	0.0083	0.0071	0.0054	0.0088							
	CONTRACTOR SERVICES	1.0331	1.0357	1.0292	1.0350	1.0340		ALL ITEMS	1.0245	1.0231	1.0229	1.0241	1.0207

B.4 Percentage Change in Real Estate Tax Sample by Borough and Source of Change, Apartments and Hotels, 1997

	% Change Due to Assessments	% Change Due to Exemptions	% Change Due to Abatements	% Change Due to Tax Rate	% Change Due to Interactions	Total % Change
APARTMENTS						
Manhattan	-0.02%	0.55%	-0.04%	2.22%	0.01%	2.72%
Bronx	-11.90%	8.40%	-0.37%	4.25%	-0.08%	0.30%
Brooklyn	-0.45%	0.54%	-0.13%	2.63%	0.01%	2.60%
Queens	0.07%	-0.18%	-0.05%	2.42%	0.00%	2.25%
Staten Island	-2.10%	0.30%	-0.01%	2.61%	-0.04%	0.76%
Total	-0.71%	0.83%	-0.07%	2.35%	0.00%	2.40%
HOTELS						
Hotels	0.93%	-0.81%	0.00%	-0.48%	0.01%	-0.35%
Rooming Houses	1.63%	0.02%	0.00%	1.64%	0.01%	3.30%
SROs	3.70%	-2.29%	-0.05%	1.07%	0.01%	2.43%
Total	2.67%	-1.62%	-0.03%	0.48%	0.01%	1.51%

Note: Totals may not add due to rounding.

B.5 Tax Change by Borough and Community Board, Apartments, 1997

Borough	Community Board	Number of Buildings	Tax Relative	Borough	Community Board	Number of Buildings	Tax Relative	Borough	Community Board	Number of Buildings	Tax Relative
Manhattan	All	12,998	2.7		9	273	5.6	Queens	All	6,223	2.2
	1	33	2.9		10	174	3.7		1	1,790	4.5
	2	1,217	3.3		11	288	2.7		2	821	3.4
	3	1,482	3.4		12	382	4.4		3	401	2.7
	Bronx	4	1,081	1.9	Brooklyn	All	11,691	2.6	4	358	1.1
		5	338	-0.7		1	1,417	5.5	5	1,134	2.5
		6	975	2.5		2	689	2.8	6	343	1.6
		7	2,284	4.0		3	586	6.3	7	457	1.4
		8	2,361	3.3		4	1,199	-1.2	8	219	3.5
		9	705	4.1		5	256	8.7	9	192	1.1
		10	657	3.4		6	958	3.8	10	82	2.4
		11	497	0.4		7	836	3.8	11	130	1.8
		12	1,365	0.4		8	812	6.6	12	151	0.7
		NA	3	NA		9	517	-0.7	13	48	1.8
Bronx		All	4,423	0.3		10	834	2.9	14	83	3.5
		1	231	-9.9		11	733	0.9	NA	14	NA
		2	145	-14.9		12	606	2.5	Staten Island	All	174
	3	180	5.0	13	189	3.6	1	111		0.3	
	4	595	-4.5	14	846	2.2	2	41		1.9	
	5	556	-0.6	15	387	3.2	3	22	1.4		
	6	358	2.9	16	191	7.4	Citywide	All	35,509	2.4	
	7	898	1.6	17	562	4.1					
	8	343	0.3	18	69	-4.1					
				NA	4	NA					

B.6 Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Hotels, 1997

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error	Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	REAL ESTATE TAXES	0.2221	1.0151	1.51%	2.9506	601	Management Fees	0.6076	1.0457	4.57%	1.0816
205	Social Security Insurance	0.0592	1.0305	3.05%	0.0000	602	Accountant Fees	0.0840	1.0352	3.52%	1.0984
206	Unemployment Insurance	0.0212	0.9760	-2.40%	0.0000	603	Attorney Fees	0.1442	1.0228	2.28%	1.2506
208	Hotel Private Health/Welfare	0.0366	1.0273	2.73%	0.0000	604	Newspaper Ads	0.1002	1.0493	4.93%	1.8116
209	Hotel Union Labor	0.3332	1.0313	3.13%	0.0000	605	Agency Fees	0.0250	1.0030	0.30%	1.2165
210	SRO Union Labor	0.0131	1.0285	2.85%	0.0000	606	Lease Forms	0.0120	1.0151	1.51%	1.4853
211	Apartment Value	0.1132	1.0577	5.77%	0.0000	607	Bill Envelopes	0.0154	0.9603	-3.97%	4.0943
212	Non-Union Superintendent	0.2995	1.0315	3.15%	1.5841	608	Ledger Paper	0.0116	0.9924	-0.76%	0.7702
213	Non-Union Maid	0.0000	0.0000	NA	0.0000		ADMINISTRATIVE COSTS	0.0923	1.0385	3.85%	0.7149
214	Non-Union Desk Clerk	0.0000	0.0000	NA	0.0000						
215	Non-Union Maintenance Worker	0.0000	0.0000	NA	0.0000	701	INSURANCE COSTS	0.0369	1.0187	1.87%	1.6834
216	Non-Union Janitor/Porter	0.1241	1.0252	2.52%	1.0067						
	LABOR COSTS	0.1814	1.0322	3.22%	0.4905	801	Light Bulbs	0.0164	1.0000	0.00%	0.0000
301	Fuel Oil #2	0.6824	1.0319	3.19%	0.4333	802	Light Switch	0.0186	0.9827	-1.73%	1.9548
302	Fuel Oil #4	0.0151	1.0059	0.59%	1.1866	803	Wet Mop	0.0504	1.0130	1.30%	1.2434
303	Fuel Oil #6	0.3024	0.9901	-0.99%	1.2119	804	Floor Wax	0.0507	1.0000	0.00%	0.0000
	FUEL	0.1101	1.0189	1.89%	0.4713	805	Paint	0.1181	1.0054	0.54%	0.3529
401	Electricity #1, 2,500 KWH	0.0815	0.9716	-2.84%	0.0000	806	Pushbroom	0.0458	1.0119	1.19%	1.1562
402	Electricity #2, 15,000 KWH	0.0853	0.9670	-3.30%	0.0000	807	Detergent	0.0463	1.0059	0.59%	0.6343
403	Electricity #3, 82,000 KWH	0.2649	0.9661	-3.39%	0.0000	808	Bucket	0.0515	1.0168	1.68%	0.9733
404	Gas #1, 12,000 therms	0.0516	0.8997	-10.03%	0.0000	809	Washers	0.0515	1.0172	1.72%	1.6046
405	Gas #2, 65,000 therms	0.0386	0.9994	-0.06%	0.0000	810	Linens	0.3109	1.0044	0.44%	0.7905
406	Gas #3, 214,000 therms	0.1575	1.0053	0.53%	0.0000	811	Pine Disinfectant	0.0197	1.0141	1.41%	1.5636
407	Steam #1, 1.2m lbs	0.0002	0.9906	-0.94%	0.0000	812	Window/Glass Cleaner	0.0207	1.0000	0.00%	0.0000
409	Telephone	0.1824	0.9983	-0.17%	0.0000	813	Switch Plate	0.0503	1.0190	1.90%	1.9022
410	Water & Sewer	0.1379	1.0650	6.50%	0.0000	814	Duplex Receptacle	0.0440	0.9902	-0.98%	1.0334
	UTILITIES	0.1719	0.9902	-0.98%	0.0000	815	Toilet Seat	0.0499	1.0324	3.24%	1.2270
501	Repainting	0.2057	1.0210	2.10%	0.6038	816	Deck Faucet	0.0554	1.0546	5.46%	2.5088
502	Plumbing, Faucet	0.0786	1.0347	3.47%	0.9597		PARTS AND SUPPLIES	0.0608	1.0104	1.04%	0.3400
503	Plumbing, Stoppage	0.0754	1.0181	1.81%	0.8361	901	Refrigerator #1	0.0195	1.0223	2.23%	1.0611
504	Elevator #1, 6 fl., 1 e.	0.0305	1.1249	12.49%	6.5624	902	Refrigerator #2	0.1028	1.0097	0.97%	0.5045
505	Elevator #2, 13 fl., 2 e.	0.0294	1.0932	9.32%	4.8506	903	Air Conditioner #1	0.0638	1.0000	0.00%	0.0000
506	Elevator #3, 19 fl., 3 e.	0.0273	1.0937	9.37%	4.9210	904	Air Conditioner #2	0.0756	1.0000	0.00%	0.0000
507	Burner Repair	0.0259	1.0046	0.46%	0.4618	907	Range #1	0.0082	1.0181	1.81%	0.9203
508	Boiler Repair, Tube	0.0268	1.0591	5.91%	4.8714	908	Range #2	0.0427	1.0051	0.51%	1.2985
509	Boiler Repair, Weld	0.0249	1.0286	2.86%	2.9583	909	Carpet	0.3453	0.9969	-0.31%	0.3156
511	Range Repair	0.1513	1.0265	2.65%	1.7118	910	Dresser	0.1764	1.0187	1.87%	1.1538
512	Roof Repair	0.0226	1.0259	2.59%	1.4588	911	Mattress & Box Spring	0.1658	1.0617	6.17%	1.6034
513	Air Conditioner Repair	0.0455	1.0231	2.31%	0.0000		REPLACEMENT COSTS	0.0254	1.0143	1.43%	0.3608
514	Floor Maint. #1, Studio	0.0009	1.0356	3.56%	1.9837						
515	Floor Maint. #2, 1 Br.	0.0019	1.0318	3.18%	1.9745						
516	Floor Maint. #3, 2 Br.	0.0172	1.0322	3.22%	1.9940						
518	Linen/Laundry Service	0.2361	1.0554	5.54%	5.2226						
	CONTRACTOR SERVICES	0.0992	1.0393	3.93%	1.3087		ALL ITEMS	1.0000	1.0187	1.87%	0.6824

B.7 Price Relative by Hotel Type, 1997

Spec #	Item Description	Hotel	RH	SRO	Spec #	Item Description	Hotel	RH	SRO
101	REAL ESTATE TAXES	0.9965	1.0330	1.0243	601	Management Fees	0.6843	0.4892	0.5807
205	Social Security Insurance	0.0772	0.0582	0.0360	602	Accountant Fees	0.0572	0.1856	0.1125
206	Unemployment Insurance	0.0189	0.0158	0.0294	603	Attorney Fees	0.1148	0.2074	0.2122
208	Hotel Private Health/Welfare	0.0554	0.0000	0.0053	604	Newspaper Ads	0.1291	0.0517	0.0651
209	Hotel Union Labor	0.5216	0.0000	0.0000	605	Agency Fees	0.0215	0.0396	0.0261
210	SRO Union Labor	0.0000	0.0000	0.0660	606	Lease Forms	0.0105	0.0192	0.0127
211	Apartment Value	0.0334	0.4244	0.1778	607	Bill Envelopes	0.0127	0.0233	0.0154
212	Non-Union Superintendent	0.1039	0.4272	0.5515	608	Ledger Paper	0.0099	0.0181	0.0119
213	Non-Union Maid	0.0000	0.0000	0.0000		ADMINISTRATIVE COSTS	1.0401	1.0340	1.0365
214	Non-Union Desk Clerk	0.0000	0.0000	0.0000					
215	Non-Union Maintenance Worker	0.0000	0.0000	0.0000	701	INSURANCE COSTS	1.0187	1.0187	1.0187
216	Non-Union Janitor/Porter	0.2191	0.1148	0.1670					
	LABOR COSTS	1.0295	1.0403	1.0329	801	Light Bulbs	0.0055	0.0389	0.0323
301	Fuel Oil #2	0.7526	1.0319	0.2978	802	Light Switch	0.0061	0.0433	0.0360
302	Fuel Oil #4	0.0000	0.0000	0.0857	803	Wet Mop	0.0665	0.0239	0.0246
303	Fuel Oil #6	0.2680	0.0000	0.6200	804	Floor Wax	0.0660	0.0238	0.0245
	FUEL	1.0206	1.0319	1.0035	805	Paint	0.0538	0.3131	0.1677
401	Electricity #1, 2,500 KWH	0.0035	0.4325	0.0674	806	Pushbroom	0.0604	0.0217	0.0224
402	Electricity #2, 15,000 KWH	0.0827	0.0000	0.1405	807	Detergent	0.0607	0.0218	0.0225
403	Electricity #3, 82,000 KWH	0.3286	0.0000	0.2023	808	Bucket	0.0683	0.0246	0.0253
404	Gas #1, 12,000 therms	0.0035	0.2865	0.0110	809	Washers	0.0147	0.0867	0.1407
405	Gas #2, 65,000 therms	0.0314	0.0000	0.0896	810	Linens	0.4374	0.0915	0.1004
406	Gas #3, 214,000 therms	0.1645	0.0000	0.2511	811	Pine Disinfectant	0.0067	0.0474	0.0393
407	Steam #1, 1.2m lbs	0.0000	0.0019	0.0000	812	Window/Glass Cleaner	0.0069	0.0492	0.0408
409	Telephone	0.2475	0.0279	0.0793	813	Switch Plate	0.0668	0.0240	0.0247
410	Water & Sewer	0.1319	0.2200	0.1542	814	Duplex Receptacle	0.0567	0.0204	0.0210
	UTILITIES	0.9936	0.9687	0.9954	815	Toilet Seat	0.0144	0.0852	0.1383
501	Repainting	0.2156	0.2442	0.1670	816	Deck Faucet	0.0164	0.0967	0.1569
502	Plumbing, Faucet	0.0326	0.1878	0.1554		PARTS AND SUPPLIES	1.0075	1.0125	1.0175
503	Plumbing, Stoppage	0.0308	0.1771	0.1501	901	Refrigerator #1	0.0086	0.0437	0.0395
504	Elevator #1, 6 fl., 1 e.	0.0479	0.0000	0.0162	902	Refrigerator #2	0.0451	0.2274	0.2060
505	Elevator #2, 13 fl., 2 e.	0.0448	0.0000	0.0152	903	Air Conditioner #1	0.0948	0.0116	0.0000
506	Elevator #3, 19 fl., 3 e.	0.0416	0.0000	0.0141	904	Air Conditioner #2	0.1124	0.0137	0.0000
507	Burner Repair	0.0087	0.0272	0.0814	907	Range #1	0.0013	0.0162	0.0255
508	Boiler Repair, Tube	0.0095	0.0297	0.0887	908	Range #2	0.0067	0.0842	0.1321
509	Boiler Repair, Weld	0.0085	0.0269	0.0802	909	Carpet	0.3288	0.3805	0.3677
511	Range Repair	0.1825	0.0600	0.1397	910	Dresser	0.2111	0.1184	0.1218
512	Roof Repair	0.0354	0.0018	0.0000	911	Mattress & Box Spring	0.2067	0.1159	0.1192
513	Air Conditioner Repair	0.0392	0.0780	0.0469		REPLACEMENT COSTS	1.0156	1.0116	1.0120
514	Floor Maint. #1, Studio	0.0003	0.0021	0.0021					
515	Floor Maint. #2, 1 Br.	0.0007	0.0042	0.0042					
516	Floor Maint. #3, 2 Br.	0.0065	0.0389	0.0385					
518	Linen/Laundry Service	0.3396	0.1519	0.0311					
	CONTRACTOR SERVICES	1.0442	1.0298	1.0309		ALL ITEMS	1.0138	1.0173	1.0197

B.8 Expenditure Weights and Price Relatives, Lofts, 1997

Spec #	Item Description	Price Weights	Relative	Spec #	Item Description	Price Weights	Relative
101	TAXES	0.2449	1.0240		ADMINISTRATIVE COSTS, LEGAL	0.1114	1.0228
201	Payroll, Bronx, All	0.0000	1.0350	601	Management Fees	0.7912	1.0457
202	Payroll, Other, Union, Supts.	0.2988	1.0235	602	Accountant Fees	0.1571	1.0352
203	Payroll, Other, Union, Other	0.0000	1.0225	604	Newspaper Ads	0.0053	1.0493
204	Payroll, Other, Non-Union, All	0.5163	1.0293	605	Agency Fees	0.0070	1.0030
205	Social Security Insurance	0.0476	1.0226	606	Lease Forms	0.0117	1.0151
206	Unemployment Insurance	0.0107	0.9760	607	Bill Envelopes	0.0148	0.9603
207	Private Health & Welfare	0.1266	1.0026	608	Ledger Paper	0.0129	0.9924
	LABOR COSTS	0.1102	1.0233		ADMINISTRATIVE COSTS, OTHER	0.1001	1.0414
301	Fuel Oil #2	0.3272	1.0319	701	INSURANCE COSTS	0.1615	1.0187
302	Fuel Oil #4	0.5579	1.0059				
303	Fuel Oil #6	0.1149	0.9901	801	Light Bulbs	0.0396	1.0000
	FUEL	0.0687	1.0126	802	Light Switch	0.0492	0.9827
401	Electricity #1, 2,500 KWH	0.0143	0.9716	803	Wet Mop	0.0426	1.0130
402	Electricity #2, 15,000 KWH	0.1783	0.9670	804	Floor Wax	0.0407	1.0000
403	Electricity #3, 82,000 KWH	0.0000	0.9661	805	Paint	0.2146	1.0054
404	Gas #1, 12,000 therms	0.0059	0.8997	806	Pushbroom	0.0402	1.0119
405	Gas #2, 65,000 therms	0.0621	0.9994	807	Detergent	0.0346	1.0059
406	Gas #3, 214,000 therms	0.1560	1.0053	808	Bucket	0.0422	1.0168
407	Steam #1, 1.2m lbs	0.0169	0.9906	809	Washers	0.1030	1.0172
408	Steam #2, 2.6m lbs	0.0064	0.9779	811	Pine Disinfectant	0.0502	1.0141
409	Telephone	0.0123	0.9983	812	Window/Glass Cleaner	0.0536	1.0000
410	Water & Sewer	0.5477	1.0650	813	Switch Plate	0.0424	1.0190
	UTILITIES	0.0801	1.0292	814	Duplex Receptacle	0.0365	0.9902
501	Repainting	0.4116	1.0210	815	Toilet Seat	0.0998	1.0324
502	Plumbing, Faucet	0.1386	1.0347	816	Deck Faucet	0.1108	1.0546
503	Plumbing, Stoppage	0.1255	1.0181		PARTS AND SUPPLIES	0.0240	1.0145
504	Elevator #1, 6 fl., 1 e.	0.0497	1.1249	901	Refrigerator #1	0.0901	1.0223
505	Elevator #2, 13 fl., 2 e.	0.0348	1.0932	902	Refrigerator #2	0.4780	1.0097
506	Elevator #3, 19 fl., 3 e.	0.0197	1.0937	903	Air Conditioner #1	0.0177	1.0000
507	Burner Repair	0.0395	1.0046	904	Air Conditioner #2	0.0220	1.0000
508	Boiler Repair, Tube	0.0453	1.0591	905	Floor Runner	0.0857	1.0125
509	Boiler Repair, Weld	0.0358	1.0286	906	Dishwasher	0.0452	1.0093
510	Refrigerator Repair	0.0136	1.0440	907	Range #1	0.0428	1.0181
511	Range Repair	0.0144	1.0265	908	Range #2	0.2185	1.0051
512	Roof Repair	0.0559	1.0259		REPLACEMENT COSTS	0.0198	1.0100
513	Air Conditioner Repair	0.0099	1.0231				
514	Floor Maint. #1, Studio	0.0003	1.0356				
515	Floor Maint. #2, 1 Br.	0.0006	1.0318				
516	Floor Maint. #3, 2 Br.	0.0050	1.0322				
	CONTRACTOR SERVICES	0.0794	1.0338		ALL ITEMS	1.0000	1.0247

B.9 Changes in the Price Index of Operating Costs, Expenditure Weights and Price Relatives, Apartments, 1987-1997

	1987		1988		1989		1990		1991	
	Item Weight	Price Relative								
Taxes	0.184	8.7%	0.196	8.1%	0.211	15.8%	0.229	12.0%	0.232	12.8%
Labor	0.169	5.7%	0.175	5.3%	0.169	5.1%	0.167	5.7%	0.159	5.2%
Fuel	0.174	-22.3%	0.132	12.6%	0.126	-5.2%	0.112	20.9%	0.122	4.6%
Utilities	0.124	-1.2%	0.120	1.3%	0.122	12.4%	0.128	20.8%	0.140	1.2%
Contractor Services	0.155	4.5%	0.158	9.3%	0.164	6.1%	0.163	6.5%	0.157	5.5%
Administrative Costs	0.086	5.9%	0.089	4.1%	0.087	6.7%	0.087	7.5%	0.084	3.0%
Insurance	0.067	33.7%	0.087	1.6%	0.080	-0.6%	0.074	3.6%	0.069	4.4%
Parts & Supplies	0.030	3.3%	0.029	2.4%	0.028	3.6%	0.027	6.1%	0.026	3.6%
Replacement Costs	0.014	0.2%	0.013	1.7%	0.012	2.4%	0.012	2.7%	0.011	1.3%
All Items		2.1%		6.4%		6.7%		10.9%		6.0%
Pre '47										
Taxes	0.132	8.7%	0.139	8.1%	0.141	15.8%	0.155	12.0%	0.156	12.8%
Labor	0.144	5.8%	0.146	5.2%	0.144	5.1%	0.143	5.5%	0.136	5.2%
Fuel	0.209	-22.1%	0.161	12.8%	0.170	-4.6%	0.154	20.0%	0.167	4.8%
Utilities	0.124	-0.5%	0.122	2.3%	0.117	12.8%	0.125	22.2%	0.137	1.5%
Contractor Services	0.184	4.6%	0.189	9.3%	0.194	6.2%	0.195	6.5%	0.188	5.4%
Administrative Costs	0.077	5.6%	0.083	4.6%	0.082	6.7%	0.082	7.0%	0.079	3.2%
Insurance	0.082	33.7%	0.108	1.6%	0.102	-0.6%	0.097	3.6%	0.090	4.4%
Parts & Supplies	0.033	3.3%	0.033	3.0%	0.032	3.6%	0.032	6.2%	0.030	3.5%
Replacement Costs	0.016	0.1%	0.020	1.2%	0.019	2.3%	0.018	2.7%	0.017	1.3%
All Items		1.4%		6.6%		5.5%		10.9%		5.5%
Post '46										
Taxes	0.262	8.7%	0.278	8.1%	0.281	15.8%	0.303	12.0%	0.306	12.8%
Labor	0.205	5.7%	0.210	5.9%	0.210	5.0%	0.205	6.0%	0.196	5.1%
Fuel	0.120	-22.9%	0.090	12.3%	0.095	-7.3%	0.082	23.4%	0.091	3.8%
Utilities	0.124	-2.2%	0.118	-0.3%	0.111	11.7%	0.115	18.2%	0.123	0.6%
Contractor Services	0.111	4.4%	0.112	8.8%	0.115	6.0%	0.113	6.6%	0.109	5.8%
Administrative Costs	0.099	6.2%	0.102	3.5%	0.100	6.8%	0.099	8.2%	0.097	2.7%
Insurance	0.045	33.7%	0.058	1.6%	0.056	-0.6%	0.052	3.6%	0.048	4.4%
Parts & Supplies	0.024	3.2%	0.024	2.5%	0.023	3.7%	0.022	6.0%	0.021	3.6%
Replacement Costs	0.011	0.3%	0.010	2.0%	0.010	2.6%	0.010	2.8%	0.009	1.3%
All Items		3.1%		6.1%		7.5%		10.8%		6.5%

Appendix B: Price Index of Operating Costs

1992		1993		1994		1995		1996		1997	
Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative	Item Weight	Price Relative
0.246	11.0%	0.263	3.1%	0.259	2.3%	0.260	1.4%	0.263	3.0%	0.255	2.4%
0.158	5.2%	0.160	5.6%	0.161	4.3%	0.165	4.1%	0.171	3.1%	0.167	2.3%
0.121	-10.9%	0.103	5.2%	0.104	-0.5%	0.101	-12.7%	0.088	29.6%	0.108	0.4%
0.133	6.6%	0.137	12.7%	0.147	2.1%	0.147	-4.0%	0.141	7.8%	0.143	2.9%
0.156	2.4%	0.154	2.5%	0.150	0.9%	0.149	2.4%	0.152	1.8%	0.146	3.4%
0.082	2.8%	0.081	3.8%	0.080	3.7%	0.081	3.8%	0.084	3.5%	0.082	3.9%
0.068	2.3%	0.067	-0.5%	0.064	0.8%	0.063	5.2%	0.066	5.0%	0.066	1.9%
0.026	2.5%	0.025	1.0%	0.024	1.0%	0.024	-0.5%	0.024	0.8%	0.023	1.5%
0.011	3.8%	0.011	4.2%	0.010	1.6%	0.010	0.2%	0.010	1.0%	0.010	1.0%
4.0%		4.7%		2.0%		0.1%		6.0%		2.4%	
0.167	11.0%	0.180	3.1%	0.178	2.3%	0.179	1.4%	0.182	3.0%	0.175	2.4%
0.134	5.1%	0.139	5.3%	0.140	4.3%	0.143	3.8%	0.150	3.3%	0.145	2.4%
0.166	-10.4%	0.144	5.1%	0.145	-0.8%	0.141	-12.7%	0.124	28.9%	0.149	0.7%
0.137	7.6%	0.138	12.3%	0.149	2.3%	0.149	-4.1%	0.144	7.6%	0.145	3.3%
0.187	2.1%	0.186	2.5%	0.183	1.0%	0.181	2.5%	0.186	1.9%	0.178	3.3%
0.078	2.7%	0.078	3.7%	0.077	3.6%	0.078	3.8%	0.082	3.4%	0.079	3.7%
0.089	2.3%	0.089	-0.5%	0.085	0.8%	0.084	5.2%	0.088	5.0%	0.087	1.9%
0.030	2.5%	0.030	1.0%	0.029	1.0%	0.028	-0.5%	0.028	0.8%	0.027	1.5%
0.016	3.6%	0.016	4.2%	0.016	1.5%	0.016	0.2%	0.016	0.9%	0.015	1.0%
2.8%		4.6%		1.8%		-0.4%		6.8%		2.5%	
0.324	11.0%	0.343	3.1%	0.337	2.3%	0.337	1.4%	0.340	3.0%	0.332	2.4%
0.194	5.4%	0.195	6.0%	0.197	4.2%	0.200	4.3%	0.207	3.0%	0.202	2.1%
0.089	-12.5%	0.074	5.6%	0.075	0.4%	0.073	-12.6%	0.064	31.9%	0.080	-0.5%
0.116	4.7%	0.116	13.6%	0.125	1.6%	0.125	-3.8%	0.119	8.2%	0.122	2.2%
0.108	3.1%	0.106	2.5%	0.104	0.5%	0.102	2.2%	0.104	1.4%	0.100	3.6%
0.093	3.0%	0.092	4.0%	0.091	3.8%	0.092	3.7%	0.095	3.5%	0.093	4.1%
0.047	2.3%	0.046	-0.5%	0.044	0.8%	0.043	5.2%	0.045	5.0%	0.045	1.9%
0.021	2.5%	0.020	1.1%	0.019	1.0%	0.019	-0.4%	0.019	0.9%	0.018	1.4%
0.008	4.2%	0.008	4.1%	0.008	1.6%	0.008	0.2%	0.008	1.0%	0.008	1.0%
4.8%		4.9%		2.3%		0.6%		5.4%		2.3%	

Appendix C: Income and Expense Study

C.1 Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (1995) per Apartment per Month by Building Size and Location, Structures Built Before 1947

	<u>Taxes</u>	<u>Labor</u>	<u>Fuel</u>	<u>Water/ Sewer</u>	<u>Light & Power</u>	<u>Maint.</u>	<u>Admin.</u>	<u>Insurance</u>	<u>Misc.</u>	<u>Total</u>
Citywide	\$84	\$51	\$41	\$24	\$17	\$79	\$48	\$25	\$27	\$396
11-19 units	\$106	\$24	\$50	\$24	\$18	\$86	\$49	\$30	\$31	\$417
20-99 units	\$76	\$46	\$41	\$24	\$15	\$78	\$46	\$25	\$27	\$377
100+ units	\$111	\$107	\$31	\$23	\$28	\$88	\$61	\$19	\$26	\$495
Bronx	\$50	\$42	\$43	\$23	\$15	\$77	\$42	\$26	\$26	\$345
11-19 units	\$48	\$31	\$58	\$22	\$20	\$88	\$39	\$32	\$30	\$369
20-99 units	\$45	\$37	\$43	\$23	\$14	\$75	\$41	\$26	\$26	\$330
100+ units	\$27	\$77	\$42	\$22	\$15	\$78	\$75	\$22	\$17	\$374
Brooklyn	\$66	\$38	\$43	\$23	\$16	\$72	\$40	\$23	\$24	\$344
11-19 units	\$61	\$17	\$57	\$22	\$14	\$74	\$36	\$26	\$24	\$331
20-99 units	\$60	\$30	\$42	\$23	\$14	\$68	\$38	\$23	\$23	\$321
100+ units	\$59	\$57	\$29	\$22	\$18	\$78	\$40	\$20	\$22	\$343
Manhattan	\$114	\$65	\$38	\$25	\$19	\$90	\$58	\$26	\$32	\$467
11-19 units	\$149	\$27	\$44	\$25	\$21	\$95	\$63	\$33	\$37	\$496
20-99 units	\$107	\$63	\$39	\$25	\$17	\$90	\$56	\$26	\$32	\$454
100+ units	\$157	\$134	\$27	\$23	\$37	\$98	\$65	\$19	\$31	\$591
Queens	\$77	\$36	\$41	\$23	\$13	\$68	\$39	\$21	\$22	\$341
11-19 units	\$74	\$17	\$51	\$22	\$10	\$67	\$29	\$21	\$18	\$310
20-99 units	\$73	\$32	\$40	\$23	\$13	\$65	\$38	\$21	\$23	\$329
100+ units	\$73	\$72	\$31	\$25	\$12	\$68	\$37	\$20	\$21	\$360
St Island *	-	-	-	-	-	-	-	-	-	-
20+	-	-	-	-	-	-	-	-	-	-

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

Totals in this table may not match those in Table C3 due to rounding. Data in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The category "Utilities" used in the I & E report is the sum of "Water & Sewer" and "Light & Power".

Source: NYC Department of Finance, RPIE Filings.

C.2 Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (1995) per Apartment per Month by Building Size and Location, Structures Built After 1946

	<u>Taxes</u>	<u>Labor</u>	<u>Fuel</u>	<u>Water/ Sewer</u>	<u>Light & Power</u>	<u>Maint.</u>	<u>Admin.</u>	<u>Insurance</u>	<u>Misc.</u>	<u>Total</u>
Citywide	\$142	\$91	\$32	\$25	\$25	\$74	\$57	\$20	\$34	\$503
11-19 units	\$173	\$40	\$40	\$21	\$38	\$93	\$76	\$29	\$56	\$565
20-99 units	\$100	\$53	\$34	\$25	\$20	\$68	\$45	\$21	\$26	\$393
100+ units	\$184	\$133	\$30	\$25	\$29	\$79	\$68	\$19	\$42	\$608
Bronx	\$91	\$61	\$37	\$25	\$23	\$66	\$40	\$23	\$41	\$407
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$80	\$41	\$38	\$24	\$18	\$63	\$38	\$23	\$26	\$351
100+ units	\$102	\$100	\$35	\$26	\$30	\$70	\$41	\$23	\$67	\$494
Brooklyn	\$89	\$59	\$34	\$26	\$19	\$66	\$51	\$21	\$31	\$396
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$86	\$49	\$34	\$26	\$16	\$67	\$47	\$21	\$28	\$375
100+ units	\$89	\$91	\$33	\$24	\$27	\$60	\$60	\$19	\$35	\$439
Manhattan	\$252	\$159	\$29	\$26	\$30	\$91	\$81	\$19	\$50	\$737
11-19 units	\$312	\$81	\$40	\$38	\$58	\$121	\$156	\$35	\$128	\$968
20-99 units	\$177	\$82	\$28	\$26	\$20	\$89	\$63	\$24	\$30	\$539
100+ units	\$270	\$177	\$29	\$26	\$33	\$92	\$85	\$18	\$55	\$784
Queens	\$103	\$66	\$32	\$24	\$24	\$67	\$46	\$20	\$22	\$405
11-19 units	\$110	\$25	\$41	\$21	\$22	\$78	\$36	\$23	\$24	\$381
20-99 units	\$97	\$53	\$33	\$25	\$23	\$66	\$41	\$20	\$24	\$381
100+ units	\$103	\$89	\$29	\$23	\$25	\$66	\$51	\$18	\$17	\$421
St. Island	\$112	\$62	\$38	\$23	\$24	\$81	\$60	\$24	\$32	\$454
20+ units	\$91	\$69	\$37	\$24	\$19	\$77	\$54	\$22	\$24	\$417

* The number of rent-stabilized units located in buildings with fewer than 20 units in Brooklyn, the Bronx and Staten Island were too small to calculate reliable statistics.

Totals in this table may not match those in Table C3 due to rounding. Data in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs.

Source: NYC Department of Finance, RPIE Filings.

C.3 Cross-Sectional Income and Expense Study, Estimated Average Rent and Income (1995) per Apartment per Month by Building Size and Location

	<u>Post-46</u>			<u>Pre-47</u>			<u>All</u>		
	<u>Rent</u>	<u>Income</u>	<u>Costs</u>	<u>Rent</u>	<u>Income</u>	<u>Costs</u>	<u>Rent</u>	<u>Income</u>	<u>Costs</u>
Citywide	\$739	\$824	\$503	\$534	\$593	\$396	\$591	\$657	\$425
11-19 units	\$601	\$964	\$565	\$501	\$613	\$417	\$512	\$648	\$432
20-99 units	\$566	\$599	\$393	\$510	\$557	\$377	\$522	\$566	\$381
100+ units	\$929	\$1,043	\$609	\$718	\$801	\$495	\$849	\$951	\$565
Bronx	\$563	\$598	\$407	\$459	\$483	\$345	\$477	\$503	\$356
11-19 units	-	-	-	\$428	\$467	\$369	\$436	\$486	\$378
20-99 units	\$508	\$524	\$351	\$439	\$456	\$330	\$448	\$465	\$333
100+ units	\$660	\$693	\$494	\$498	\$512	\$374	\$577	\$601	\$433
Brooklyn	\$538	\$569	\$396	\$484	\$508	\$344	\$495	\$521	\$354
11-19 units	-	-	-	\$430	\$459	\$331	\$445	\$474	\$338
20-99 units	\$528	\$549	\$375	\$456	\$469	\$321	\$475	\$490	\$335
100+ units	\$562	\$581	\$439	\$499	\$512	\$343	\$524	\$540	\$382
Manhattan	\$1,171	\$1,351	\$737	\$611	\$718	\$467	\$731	\$853	\$525
11-19 units	\$695	\$1,793	\$968	\$566	\$758	\$496	\$568	\$768	\$501
20-99 units	\$817	\$918	\$539	\$595	\$689	\$454	\$611	\$706	\$460
100+ units	\$1,255	\$1,452	\$784	\$866	\$1,000	\$591	\$1,095	\$1,266	\$704
Queens	\$574	\$621	\$405	\$507	\$529	\$341	\$546	\$583	\$378
11-19 units	\$539	\$569	\$381	\$450	\$465	\$310	\$479	\$499	\$333
20-99 units	\$546	\$576	\$381	\$492	\$508	\$329	\$523	\$547	\$358
100+ units	\$610	\$647	\$421	\$553	\$563	\$360	\$603	\$637	\$413
St. Island	\$591	\$693	\$454	-	-	-	\$591	\$693	\$454

City and borough totals are weighted, while figures for building size categories are unweighted. All expense data is unaudited. The number of Post-1946 buildings with 11-19 units in the Bronx and Brooklyn were too small to calculate reliable statistics as was the number of Pre-47 buildings in Staten Island.

Source: NYC Department of Finance, RPIE Filings.

C.4 Composition of Operating Costs in 1995, by Building Size and Age

	Taxes	Maint.	Labor	Admin.	Utilities	Fuel	Misc.	Insurance	Total
Pre-47	21.2%	20.1%	12.8%	12.2%	10.3%	10.3%	7.0%	6.3%	100.0%
11-19 units	25.4%	20.6%	5.7%	11.8%	9.9%	11.9%	7.4%	7.2%	100.0%
20-99 units	20.0%	20.7%	12.1%	12.2%	10.3%	10.8%	7.2%	6.6%	100.0%
100+ units	22.5%	17.9%	21.7%	12.3%	10.2%	6.2%	5.3%	3.9%	100.0%
Post-46	28.5%	14.8%	18.3%	11.3%	9.9%	6.4%	6.9%	4.0%	100.0%
11-19 units	30.5%	16.5%	7.0%	13.5%	10.4%	7.1%	9.9%	5.1%	100.0%
20-99 units	25.5%	17.4%	13.6%	11.3%	11.5%	8.5%	6.6%	5.4%	100.0%
100+ units	30.3%	13.0%	21.9%	11.2%	8.9%	4.9%	6.8%	3.1%	100.0%
All Bldgs.	23.5%	18.4%	14.5%	11.9%	10.2%	9.0%	6.9%	5.6%	100.0%
11-19 units	26.1%	20.0%	5.9%	12.1%	10.0%	11.3%	7.7%	6.9%	100.0%
20-99 units	20.6%	20.4%	12.2%	12.1%	10.4%	10.6%	7.2%	6.5%	100.0%
100+ units	23.4%	17.3%	21.7%	12.1%	10.1%	6.1%	5.5%	3.8%	100.0%

Source: NYC Department of Finance, RPIE Filings.

C.5 Cross-Sectional Sample, 1995 RPIE Filings

	Post-46		Pre-47		All	
	Bldgs	DU's	Bldgs	DU's	Bldgs	DU's
Citywide	1,392	142,359	11,885	459,477	13,277	601,836
11-19 units	108	1,592	3,170	47,511	3,278	49,103
20-99 units	843	48,930	8,320	340,169	9,163	389,099
100+ units	441	91,837	395	71,797	836	163,634
Bronx	215	15,691	2,283	110,323	2,570	126,014
11-19 units	9	137	236	3,467	245	3,604
20-99 units	176	10,003	2,047	93,067	2,223	103,070
100+ units	30	5,551	72	13,789	102	19,340
Brooklyn	280	27,702	2,613	99,814	2,893	127,516
11-19 units	21	308	654	9,766	675	10,074
20-99 units	179	11,883	1,893	81,679	2,072	93,562
100+ units	80	15,511	66	8,369	146	23,880
Manhattan	411	56,940	5,544	196,576	5,955	253,516
11-19 units	32	485	1,872	28,019	1,904	28,504
20-99 units	197	10,182	3,471	126,820	3,668	137,002
100+ units	182	46,273	201	41,737	383	88,010
Queens	437	39,091	1,352	51,988	1,789	91,079
11-19 units	37	535	398	6,103	435	6,638
20-99 units	261	15,636	900	38,203	1,161	53,839
100+ units	139	22,920	54	7,682	193	30,602
St. Island	49	2,935	21	776	70	3,711
11-19 units	9	127	10	156	19	283
20-99 units	30	1,226	9	400	39	1,626
100+ units	10	1,582	2	220	12	1,802

Source: NYC Department of Finance, RPIE Filings.

D: 1996 Housing and Vacancy Survey, Summary Tables

D.1 Occupancy Status

	<u>ALL UNITS</u>	<u>Owner Units</u>	<u>Renter Units</u>	<u>Stabilized</u>
Number of Units (occupied and vacant, available)	2,995,276 [@]	857,764	2,027,421	1,052,300
<u>Occupied Units</u>	2,780,349	834,183	1,946,165	1,014,751
Bronx	411,775	83,853	327,922	184,152
Brooklyn	813,544	221,850	591,694	267,466
Manhattan	703,943	142,843	561,100	368,356
Queens	713,978	301,189	412,789	185,240
Staten Island	137,109	84,449	52,660	9,538
<u>Vacant Units</u>	214,927			
Vacant, for rent or sale	104,837	23,581	81,256	37,549
Bronx	22,402	3,577	18,825	8,709
Brooklyn	30,145	4,208	25,937	10,306
Manhattan	26,653	6,468	20,185	12,533
Queens	21,206	7,186	14,020	5,455
Staten Island	4,432	2,143	2,289	546
Asking Rent				
<\$300	-	-	6,297	1,488
\$300-\$399	-	-	5,455	2,608
\$400-\$499	-	-	8,901	5,288
\$500-\$599	-	-	13,071	7,166
\$600-\$699	-	-	16,442	7,970
\$700-\$799	-	-	12,356	5,541
\$800-\$899	-	-	8,687	3,081
\$900-\$999	-	-	2,764	1,104
\$1000-\$1249	-	-	4,585	2,015
\$1250 +	-	-	2,698	1,287
(Not Reported)	-	-	0	0
Vacant, not for rent or sale	110,090	-	-	-
Bronx	13,164	-	-	-
Brooklyn	31,854	-	-	-
Manhattan	44,378	-	-	-
Queens	16,297	-	-	-
Staten Island	4,399	-	-	-
Dilapidated	6,356	-	-	-
Rented - Not Yet Occupied	6,807	-	-	-
Sold - Not Yet Occupied	3,850	-	-	-
Undergoing Renovation	16,988	-	-	-
Awaiting Renovation	14,112	-	-	-
Non-Residential Use	2,151	-	-	-
Legal Dispute	8,180	-	-	-
Awaiting Conversion	54	-	-	-
Held for Occasional Use	32,929	-	-	-
Unable to Rent or Sell	8,054	-	-	-
Held Pending Sale of Building	1,963	-	-	-
Held for Planned Demolition	509	-	-	-
Held for Other Reasons	4,795	-	-	-
(Not Reported)	(3,342)	-	-	-

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

Appendix D: 1996 Housing and Vacancy Survey

Rent-Stabilized Units		Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated*	Other Rentals**	
Pre-1947	Post-1946						
763,956	288,344	70,572	72,759	172,097	84,029	575,666	Number of Units (occupied and vacant, available)
734,575	280,176	70,572	69,259	165,647	80,739	545,198	<u>Occupied Units</u>
151,272	32,880	9,428	20,176	36,894	17,901	59,371	Bronx
212,919	54,547	19,111	17,472	56,364	22,730	208,551	Brooklyn
291,216	77,139	30,939	22,456	51,151	33,047	55,151	Manhattan
77,472	107,768	10,497	9,154	16,337	5,517	186,043	Queens
1,696	7,842	597	0	4,900	1,544	36,082	Staten Island
							<u>Vacant Units</u>
29,381	8,168	0	3,500	6,450	3,290	30,468	Vacant, for rent or sale
7,493	1,216	-	2,296	1,062	912	5,846	Bronx
8,675	1,631	-	179	3,523	790	11,139	Brooklyn
11,007	1,526	-	623	1,517	1376	4,136	Manhattan
2,013	3,442	-	403	175	212	7,776	Queens
193	352	-	0	173	-	1,571	Staten Island
							<u>Asking Rent</u>
971	517	-	0	2,474	1,439	896	<\$300
2,448	160	-	147	1,295	307	1,099	\$300-\$399
3,665	1,623	-	759	560	406	1,888	\$400-\$499
6,648	518	-	681	567	374	4,283	\$500-\$599
6,541	1,429	-	1,385	1,029	350	5,708	\$600-\$699
3,828	1,713	-	528	160	62	6,065	\$700-\$799
2,527	554	-	0	365	187	5,054	\$800-\$899
516	589	-	0	0	165	1,494	\$900-\$999
1,697	317	-	0	0	-	2,570	\$1000-\$1249
539	748	-	0	0	-	1,411	\$1250 +
0	0	-	0	0	-	-	(Not Reported)
-	-	-	-	-	-	-	Vacant, not for rent or sale
-	-	-	-	-	-	-	Bronx
-	-	-	-	-	-	-	Brooklyn
-	-	-	-	-	-	-	Manhattan
-	-	-	-	-	-	-	Queens
-	-	-	-	-	-	-	Staten Island
-	-	-	-	-	-	-	Dilapidated
-	-	-	-	-	-	-	Rented - Not Yet Occupied
-	-	-	-	-	-	-	Sold - Not Yet Occupied
-	-	-	-	-	-	-	Undergoing Renovation
-	-	-	-	-	-	-	Awaiting Renovation
-	-	-	-	-	-	-	Non-Residential Use
-	-	-	-	-	-	-	Legal Dispute
-	-	-	-	-	-	-	Awaiting Conversion
-	-	-	-	-	-	-	Held for Occasional Use
-	-	-	-	-	-	-	Unable to Rent or Sell
-	-	-	-	-	-	-	Held Pending Sale of Building
-	-	-	-	-	-	-	Held for Planned Demolition
-	-	-	-	-	-	-	Held for Other Reasons
-	-	-	-	-	-	-	(Not Reported)

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

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

D.2 Economic Characteristics

	<u>All Households[@]</u>	<u>Owner Households</u>	<u>Renter Households</u>	<u>Stabilized</u>
Monthly Contract Rent				
\$0-\$199	-	-	129,249	24,629
\$200-\$299	-	-	104,528	31,519
\$300-\$399	-	-	138,994	75,037
\$400-\$499	-	-	253,225	155,700
\$500-\$599	-	-	328,601	207,237
\$600-\$699	-	-	313,183	173,327
\$700-\$799	-	-	210,948	104,259
\$800-\$899	-	-	144,853	67,628
\$900-\$999	-	-	82,346	38,605
\$1000-\$1249	-	-	96,780	52,071
\$1250-\$1499	-	-	34,841	22,719
\$1500-\$1749	-	-	27,875	19,325
\$1750+	-	-	47,422	28,427
(No Cash Rent)	-	-	(33,321)	(14,267)
Mean	-	-	\$645	\$680
Mean/Room	-	-	\$211	\$245
Median	-	-	\$600	\$600
Median/Room	-	-	\$167	\$184
Monthly Cost of Electricity				
Mean	\$60	\$81	\$48	\$44
Median	\$50	\$65	\$40	\$40
Monthly Cost of Utility Gas				
Mean	\$71	\$130	\$32	\$27
Median	\$30	\$100	\$25	\$20
Monthly Cost of Water / Sewer				
Mean	\$35	\$35	-	-
Median	\$33	\$33	-	-
Monthly Cost of Other Fuels				
Mean	\$137	\$145	\$71	-
Median	\$110	\$116	\$35	-
Monthly Mortgage Payments				
Mean	-	\$1,091	-	-
Median	-	\$964	-	-
Monthly Insurance Payments				
Mean	-	\$62	-	-
Median	-	\$50	-	-
Monthly Property Taxes				
Mean	-	\$136	-	-
Median	-	\$117	-	-

[@]All households, including owners and renters.

Appendix D: 1996 Housing and Vacancy Survey

Rent-Stabilized Units		Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated*	Other Rentals**	
Pre-1947	Post-1946						
							Monthly Contract Rent
20,085	4,543	7,052	3,152	71,288	18,279	4,850	\$0-\$199
28,109	3,410	12,292	3,387	31,741	18,154	7,435	\$200-\$299
66,079	8,959	10,510	6,546	17,897	8,373	20,631	\$300-\$399
123,788	31,912	9,283	11,007	23,304	7,798	46,133	\$400-\$499
155,344	51,893	11,280	15,322	10,748	7,548	76,466	\$500-\$599
119,165	54,162	7,624	8,713	7,815	5,257	110,447	\$600-\$699
68,048	36,211	3,406	7,354	1,874	3,086	90,968	\$700-\$799
47,944	19,685	3,407	5,656	397	2,993	64,772	\$800-\$899
24,664	13,941	1,942	1,928	0	2,632	37,238	\$900-\$999
35,338	16,733	1,229	2,848	0	4,427	36,204	\$1000-\$1249
15,096	7,623	0	1,269	0	178	10,675	\$1250-\$1499
9,400	9,924	170	779	0	904	6,697	\$1500-\$1749
12,158	16,269	723	886	0	0	17,387	\$1750+
(9,357)	(4,910)	(1,654)	(411)	(583)	(1,111)	(15,294)	(No Cash Rent)
\$637	\$792	\$472	\$616	\$285	\$433	\$750	Mean
\$229	\$286	\$140	\$195	\$75	\$140	\$213	Mean/Room
\$572	\$650	\$428	\$550	\$225	\$339	\$690	Median
\$177	\$208	\$120	\$168	\$60	\$100	\$170	Median/Room
							Monthly Cost of Electricity
\$43	\$46	\$38	\$65	\$46	\$45	\$55	Mean
\$36	\$40	\$35	\$45	\$40	\$38	\$45	Median
							Monthly Cost of Utility Gas
\$25	\$25	\$23	\$20	\$35	\$26	\$43	Mean
\$20	\$20	\$16	\$20	\$25	\$22	\$25	Median
							Monthly Cost of Water / Sewer
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Cost of Other Fuels
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Mortgage Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Insurance Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Property Taxes
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median

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

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

D.2 Economic Characteristics (Continued)

	<u>All Households</u> [@]	<u>Owner</u> <u>Households</u>	<u>Renter</u> <u>Households</u>	<u>Stabilized</u>
1995 Total Household Income				
Loss, no income or < \$5000	214,854	28,313	186,540	89,893
\$5000-\$9999	368,258	46,665	321,593	145,235
\$10,000-\$19,999	422,732	90,983	331,748	168,985
\$20,000-\$29,999	388,389	87,887	300,501	161,061
\$30,000-\$39,999	330,781	87,858	242,922	129,216
\$40,000-\$49,999	249,254	85,403	163,851	89,571
\$50,000-\$59,999	192,913	75,937	116,976	66,957
\$60,000-\$69,999	155,823	66,687	89,136	47,346
\$70,000-\$79,999	107,981	56,255	51,725	30,646
\$80,000-\$89,999	79,855	45,357	34,498	18,261
\$90,000-\$99,999	57,756	35,311	22,446	13,989
\$100,000 +	211,755	127,526	84,228	53,590
(Not Reported)	0	0	0	0
Mean	\$43,090	\$66,289	\$33,146	\$35,725
Median	\$29,550	\$48,000	\$23,600	\$25,300
Contract Rent-to-Income Ratio				
<10%	-	-	134,638	78,604
10%-19%	-	-	467,144	248,964
20%-29%	-	-	402,296	190,505
30%-39%	-	-	246,007	121,545
40%-49%	-	-	128,107	66,939
50%-59%	-	-	87,140	46,767
60%-69%	-	-	70,196	36,189
70% +	-	-	313,115	178,069
(Not Computed)	-	-	(97,522)	(47,169)
Mean	-	-	38.1%	38.8%
Median	-	-	27.7%	27.6%
Households in Poverty				
Households Below 100% of Poverty Level	573,399	62,394	511,005	239,584
Households at or Above 100% of Poverty Level	2,206,950	771,789	1,435,161	775,167
(Not Reported)	0	0	0	0
Households Below 125% of Poverty Level	715,380	85,665	629,715	292,021
Households at or Above 125% of Poverty Level	2,064,968	748,518	1,316,450	722,731
(Not Reported)	0	0	0	0
Households Receiving Public Assistance	448,545	30,441	418,104	196,954
" " Not Receiving Public Assistance)	1,889,210	658,998	1,230,211	630,277
(Do Not Know)	(25,589)	(6,968)	(18,621)	(9,257)
(Not Reported)	(417,005)	(137,777)	(279,229)	(178,264)
Households Receiving Rent Subsidy	-	-	302,656	142,241
" " Not Receiving Rent Subsidy	-	-	1,310,828	681,846
(Do Not Know)	-	-	(64,906)	(35,400)
(Not Reported)	-	-	(267,774)	(155,263)

[@]All households, including owners and renters.

Appendix D: 1996 Housing and Vacancy Survey

Rent-Stabilized Units		Rent	Mitchell-	Public	Other	Other	
<u>Pre-1947</u>	<u>Post-1946</u>	<u>Controlled</u>	<u>Lama</u>	<u>Housing</u>	<u>Regulated*</u>	<u>Rentals**</u>	
							1995 Total Household Income
74,336	15,557	6,187	7,359	29,336	13,361	40,404	Loss, no income or < \$5000
114,486	30,749	19,351	13,231	59,617	29,369	54,791	\$5000-\$9999
125,609	43,377	17,761	13,994	35,040	17,351	77,362	\$10,000-\$19,999
119,996	41,065	9,403	13,566	21,000	8,371	88,604	\$20,000-\$29,999
86,932	42,284	6,470	7,730	11,666	4,408	82,962	\$30,000-\$39,999
67,160	22,411	2,978	4,640	4,453	2,711	59,462	\$40,000-\$49,999
42,919	24,038	1,964	2,465	1,612	1,853	42,407	\$50,000-\$59,999
30,919	16,427	1,410	2,373	1,723	1,176	35,118	\$60,000-\$69,999
21,059	9,587	1,032	987	710	1,085	16,731	\$70,000-\$79,999
11,015	7,247	509	1,167	336	272	14,812	\$80,000-\$89,999
9,007	4,982	371	509	0	432	7,449	\$90,000-\$99,999
31,137	22,453	3,137	1,238	155	348	25,096	\$100,000 +
0	0	0	0	0	0	0	(Not Reported)
\$33,052	\$42,733	\$25,385	\$26,236	\$14,299	\$16,641	\$39,107	Mean
\$24,000	\$30,500	\$13,428	\$20,000	\$9,000	\$9,000	\$30,000	Median
							Contract Rent-to-Income Ratio
56,648	21,956	6,851	2,240	10,736	4,991	25,770	<10%
175,209	73,754	15,493	14,764	27,964	13,076	142,747	10%-19%
134,724	55,780	10,772	14,534	54,600	15,174	114,405	20%-29%
84,438	37,107	10,683	8,495	28,376	8,440	66,394	30%-39%
47,345	19,594	6,705	4,625	14,332	4,548	29,790	40%-49%
36,078	10,689	3,336	3,184	7,802	3,464	21,561	50%-59%
27,598	8,591	2,782	3,920	4,291	3,462	18,109	60%-69%
137,925	40,144	9,551	13,677	11,733	21,745	76,941	70% +
(34,607)	(12,562)	(4,401)	(3,819)	(5,814)	(5,838)	(49,481)	(Not Computed)
39.8%	36.1%	37.2%	42.8%	33.1%	47.6%	36.9%	Mean
28.2%	26.4%	29.9%	31.0%	28.1%	33.7%	25.9%	Median
							Households in Poverty
197,866	41,719	18,798	18,549	91,521	42,377	100,174	Households Below 100% of Poverty Level
536,709	238,458	51,774	50,709	74,125	38,362	445,024	Households at or Above 100% of Poverty Level
0	0	0	0	0	0	0	(Not Reported)
236,193	55,828	25,568	23,548	106,628	50,489	131,460	Households Below 125% of Poverty Level
498,382	224,348	45,004	45,711	59,018	30,250	413,738	Households at or Above 125% of Poverty Level
0	0	0	0	0	0	0	(Not Reported)
167,666	29,288	9,755	11,680	89,751	38,764	71,200	Households Receiving Public Assistance
440,515	189,762	54,351	45,277	70,265	35,961	394,080	" " Not Receiving Public Assistance
(5,218)	(4,039)	(377)	(1,022)	(416)	(330)	(7,221)	(Do Not Know)
(121,175)	(57,088)	(6,090)	(11,280)	(5,216)	(5,683)	(72,696)	(Not Reported)
120,296	21,944	6,610	14,792	56,636	40,550	41,830	Households Receiving Rent Subsidy
484,993	196,854	55,100	35,622	88,699	28,159	421,403	" " Not Receiving Rent Subsidy
(23,632)	(11,768)	(1,338)	(3,361)	(8,978)	(3,124)	(12,705)	(Do Not Know)
(105,654)	(49,609)	(7,523)	(15,486)	(11,334)	(8,906)	(69,261)	(Not Reported)

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

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

D.2 Economic Characteristics (Continued)

	All Households [@]	Owner Households	Renter Households	Stabilized
Monthly Contract Rent				
\$0-\$199	-	-	6.8%	2.4%
\$200-\$299	-	-	5.5%	3.8%
\$300-\$399	-	-	7.3%	7.5%
\$400-\$499	-	-	13.2%	15.6%
\$500-\$599	-	-	17.2%	20.7%
\$600-\$699	-	-	16.4%	17.3%
\$700-\$799	-	-	11.0%	10.4%
\$800-\$899	-	-	7.6%	6.8%
\$900-\$999	-	-	4.3%	3.9%
\$1000-\$1249	-	-	5.1%	5.2%
\$1250-\$1499	-	-	1.8%	2.3%
\$1500-\$1749	-	-	1.5%	1.9%
\$1750+	-	-	2.5%	2.8%
(No Cash Rent)	-	-	-	-
Mean	-	-	-	-
Mean/Room	-	-	-	-
Median	-	-	-	-
Median/Room	-	-	-	-
Monthly Cost of Electricity				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Cost of Utilities				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Cost of Water/Sewer				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Cost of Fuel				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Mortgage Payments				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Insurance Payments				
Mean	-	-	-	-
Median	-	-	-	-
Monthly Property Taxes				
Mean	-	-	-	-
Median	-	-	-	-

[@]All households, including owners and renters.

Totals may not add to 100% due to rounding.

Appendix D: 1996 Housing and Vacancy Survey

Rent-Stabilized Units		Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated*	Other Rentals**	
<u>Pre-1947</u>	<u>Post-1946</u>						
							Monthly Contract Rent
2.8%	1.7%	10.3%	4.6%	43.2%	23.0%	0.9%	\$0-\$199
3.9%	1.2%	17.8%	4.9%	19.2%	22.8%	1.4%	\$200-\$299
9.1%	3.3%	15.3%	9.5%	10.8%	10.5%	3.9%	\$300-\$399
17.1%	11.6%	13.5%	16.0%	14.1%	9.8%	8.7%	\$400-\$499
21.4%	18.9%	16.4%	22.3%	6.5%	9.5%	14.4%	\$500-\$599
16.4%	19.7%	11.1%	12.7%	4.7%	6.6%	20.8%	\$600-\$699
9.4%	13.2%	4.9%	10.7%	1.1%	3.9%	17.2%	\$700-\$799
6.6%	7.2%	4.9%	8.2%	0.2%	3.8%	12.2%	\$800-\$899
3.4%	5.1%	2.8%	2.8%	0	3.3%	7.0%	\$900-\$999
4.9%	6.1%	1.8%	4.1%	0	5.6%	6.8%	\$1000-\$1249
2.1%	2.8%	0.0%	1.8%	0	0.2%	2.0%	\$1250-\$1499
1.3%	3.6%	0.3%	1.1%	0	1.1%	1.3%	\$1500-\$1749
1.7%	5.9%	1.1%	1.3%	0	0	3.3%	\$1750+
-	-	-	-	-	-	-	(No Cash Rent)
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Mean/Room
-	-	-	-	-	-	-	Median
-	-	-	-	-	-	-	Median/Room
							Monthly Cost of Electricity
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Cost of Utilities
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Cost of Water/Sewer
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Cost of Fuel
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Mortgage Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Insurance Payments
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Monthly Property Taxes
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median

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

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

Totals may not add to 100% due to rounding.

D.2 Economic Characteristics (Continued)

	All Households @	Owner Households	Renter Households	Stabilized
1995 Total Household Income				
Loss, no income or < \$5000	7.7%	3.4%	9.6%	8.9%
\$5000-\$9999	13.2%	5.6%	16.5%	14.3%
\$10,000-\$19,999	15.2%	10.9%	17.0%	16.7%
\$20,000-\$29,999	14.0%	10.6%	15.4%	15.9%
\$30,000-\$39,999	11.9%	10.5%	12.5%	12.8%
\$40,000-\$49,999	9.0%	10.2%	8.4%	8.8%
\$50,000-\$59,999	6.9%	9.1%	6.0%	6.6%
\$60,000-\$69,999	5.6%	8.0%	4.6%	4.7%
\$70,000-\$79,999	3.9%	6.7%	2.7%	3.0%
\$80,000-\$89,999	2.9%	5.4%	1.8%	1.8%
\$90,000-\$99,999	2.1%	4.2%	1.2%	1.4%
\$100,000 +	7.6%	15.3%	4.3%	5.3%
Mean	-	-	-	-
Median	-	-	-	-
Contract Rent -to-Income Ratio				
<10%	-	-	7.3%	8.1%
10%-19%	-	-	25.3%	25.8%
20%-29%	-	-	21.7%	19.7%
30%-39%	-	-	13.3%	12.6%
40%-49%	-	-	6.9%	6.9%
50%-59%	-	-	4.7%	4.8%
60%-69%	-	-	3.8%	3.7%
70% +	-	-	16.9%	18.4%
(Not Computed)	-	-	-	-
Mean	-	-	-	-
Median	-	-	-	-
Households in Poverty				
Households Below 100% of Poverty Level	20.6%	7.5%	26.3%	23.6%
Households at or Above 100% of Poverty Level (Not Reported)	79.4%	92.5%	73.7%	76.4%
Households Below 125% of Poverty Level	25.7%	10.3%	32.4%	28.8%
Households at or Above 125% of Poverty Level (Not Reported)	74.3%	89.7%	67.6%	71.2%
Households Receiving Public Assistance (Not Reported)	19.2%	4.4%	25.4%	23.8%
Households Receiving Rent Subsidy (Not Reported)	-	-	18.8%	17.3%

@All households, including owners and renters.

Totals may not add to 100% due to rounding.

Appendix D: 1996 Housing and Vacancy Survey

Rent-Stabilized Units		Rent	Mitchell-	Public	Other	Other	
<u>Pre-1947</u>	<u>Post-1946</u>	<u>Controlled</u>	<u>Lama</u>	<u>Housing</u>	<u>Regulated*</u>	<u>Rentals**</u>	
							1995 Total Household Income
10.1%	5.6%	8.8%	10.6%	17.7%	16.5%	7.4%	Loss, no income or < \$5000
15.6%	11.0%	27.4%	19.1%	36.0%	36.4%	10.0%	\$5000-\$9999
17.1%	15.5%	25.2%	20.2%	21.1%	21.5%	14.2%	\$10,000-\$19,999
16.3%	14.6%	13.4%	19.6%	12.7%	10.4%	16.3%	\$20,000-\$29,999
11.8%	15.1%	9.2%	11.2%	7.0%	5.4%	15.2%	\$30,000-\$39,999
9.1%	8.0%	4.2%	6.7%	2.7%	3.4%	10.9%	\$40,000-\$49,999
5.8%	8.6%	2.8%	3.6%	1.0%	2.3%	7.8%	\$50,000-\$59,999
4.2%	5.9%	2.0%	3.4%	1.0%	1.5%	6.4%	\$60,000-\$69,999
2.9%	3.4%	1.5%	1.4%	0.4%	1.3%	3.1%	\$70,000-\$79,999
1.5%	2.6%	0.7%	1.7%	0.2%	0.3%	2.7%	\$80,000-\$89,999
1.2%	1.8%	0.5%	0.7%	0	0.5%	1.4%	\$90,000-\$99,999
4.2%	8.0%	4.4%	1.8%	0.1%	0.4%	4.5%	\$100,000 +
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Contract Rent-to Income Ratio
8.1%	8.2%	10.4%	3.4%	6.7%	6.7%	5.2%	<10%
25.1%	27.6%	23.4%	22.6%	17.5%	17.4%	28.8%	10%-19%
19.3%	20.9%	16.3%	22.3%	34.1%	20.2%	23.1%	20%-29%
12.1%	13.9%	16.1%	13.0%	17.8%	11.3%	13.4%	30%-39%
6.8%	7.3%	10.1%	7.1%	9.0%	6.1%	6.0%	40%-49%
5.2%	4.0%	5.0%	4.9%	4.9%	4.6%	4.3%	50%-59%
3.9%	3.2%	4.2%	6.0%	2.7%	4.6%	3.7%	60%-69%
19.7%	15.0%	14.4%	20.9%	7.4%	29.1%	15.5%	70% +
-	-	-	-	-	-	-	(Not Computed)
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median
							Households in Poverty
26.9%	14.9%	26.6%	26.8%	55.3%	52.5%	18.4%	Households Below 100% of Poverty Level
73.1%	85.1%	73.4%	73.2%	44.7%	47.5%	81.6%	Households at or Above 100% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
32.2%	19.9%	36.2%	34.0%	64.4%	62.5%	24.1%	Households Below 125% of Poverty Level
67.8%	80.1%	63.8%	66.0%	35.6%	37.5%	75.9%	Households at or Above 125% of Poverty Level
-	-	-	-	-	-	-	(Not Reported)
27.6%	13.4%	15.2%	20.5%	56.1%	48.0%	15.3%	Households Receiving Public Assistance
-	-	-	-	-	-	-	(Not Reported)
19.9%	10.0%	10.7%	29.3%	39.0%	59.0%	9.0%	Households Receiving Rent Subsidy
-	-	-	-	-	-	-	(Not Reported)

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

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

Totals may not add to 100% due to rounding.

D.3 Demographic Characteristics

	All Households@	Owner Households	Renter Households	Stabilized
Year Moved Into Current Dwelling				
1993-96	915,399	166,949	748,449	402,889
1990-92	437,647	95,929	341,718	188,202
1987-89	251,138	92,499	158,639	79,891
1984-86	193,082	67,989	125,093	62,921
1981-83	160,343	49,823	110,519	62,092
1971-80	452,104	167,575	284,529	159,916
Prior to 1971	370,638	193,420	177,217	58,841
Household Composition				
Married Couples				
Children < 18 Years of Age	368,830	134,372	234,458	114,167
w/o. Children < 18 Years of Age	168,255	90,431	77,824	37,949
Other Household Members	137,857	61,663	76,194	36,598
w/o. Other Household Members (Not Reported)	416,935	180,902	236,032	129,485
	0	0	0	0
Female Householder				
Children < 18 Years of Age	1,117,648	244,960	872,688	436,449
w/o. Children < 18 Years of Age	216,667	16,369	200,297	93,685
Other Household Members	208,062	58,572	149,490	78,323
w/o. Other Household Members (Not Reported)	139,604	23,543	116,061	50,377
	553,316	146,475	406,840	214,064
	0	0	0	0
Male Householder				
Children < 18 Years of Age	570,824	121,855	448,969	260,103
w/o. Children < 18 Years of Age	19,093	3,012	16,081	7,240
Other Household Members	149,032	31,811	117,221	65,476
w/o. Other Household Members (Not Reported)	33,455	8,043	25,412	13,627
	369,243	78,989	290,254	173,760
	0	0	0	0
(Sex Not Reported)	0	0	0	0
Race of Householder				
White, non-Hispanic	1,308,987	525,488	783,499	445,250
Black, non-Hispanic	669,089	167,957	501,132	203,940
Puerto Rican	286,535	37,710	248,825	122,010
Other Hispanic	306,730	38,471	268,259	168,024
Asian / Pacific Islander	195,931	62,189	133,742	70,702
American Indian / Aleut / Eskimo (Not Reported)	13,075	2,367	10,708	4,825
	0	0	0	0
Age of Householder				
Under 25 years	106,606	8,234	98,372	54,289
25-34	578,586	83,985	494,601	265,995
35-44	663,035	182,096	480,939	257,447
45-54	526,922	184,971	341,951	188,885
55-61	247,824	100,022	147,801	75,115
62-64	84,499	37,394	47,104	21,984
65-74	320,871	137,914	182,956	88,150
75-84	191,941	77,526	114,415	46,827
85 or more years (Not Reported)	60,065	22,040	38,025	16,060
	0	0	0	0
Mean	48.0	54.0	46.0	45.0
Median	45.0	52.0	42.0	41.0

@All households, including owners and renters.

Appendix D: 1996 Housing and Vacancy Survey

Rent-Stabilized Units		Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated*	Other Rentals**	
Pre-1947	Post-1946						
307,214	95,675	0	18,209	27,797	19,961	279,593	Year Moved Into Current Dwelling
141,111	47,092	0	10,150	23,405	14,345	105,617	1993-96
58,509	21,382	0	6,184	19,537	7,482	45,545	1990-92
46,379	16,542	0	4,914	14,844	9,764	32,649	1987-89
44,008	18,084	835	4,694	12,649	9,014	21,235	1984-86
110,085	49,831	7,259	21,345	34,947	14,875	46,187	1981-83
27,269	31,570	62,479	3,762	32,469	5,297	14,372	1971-80
							Prior to 1971
<u>Household Composition</u>							
215,299	102,901	16,242	16,346	29,414	13,137	231,169	Married Couples
83,139	31,028	1,419	5,472	8,447	5,073	99,880	Children < 18 Years of Age
28,513	9,436	2,787	1,574	5,317	1,474	28,722	w. No Children < 18 Years of Age
25,781	10,817	971	1,882	4,837	1,802	30,103	Other Household Members
77,865	51,620	11,065	7,418	10,812	4,788	72,464	w/o Other Household Members
0	0	0	0	0	0	0	(Not Reported)
321,488	114,960	38,616	39,726	115,390	51,767	190,740	Female Householder
78,437	15,248	1,567	9,710	34,595	14,807	45,934	Children < 18 Years of Age
57,539	20,784	5,562	5,274	18,662	6,607	35,062	w. No Children < 18 Years of Age
43,258	7,118	2,560	4,028	21,273	8,165	29,657	Other Household Members
142,254	71,810	28,927	20,715	40,860	22,188	80,087	w/o Other Household Members
0	0	0	0	0	0	0	(Not Reported)
197,788	62,315	15,715	13,186	20,843	15,834	123,289	Male Householder
5,508	1,732	344	1,026	1,335	677	5,460	Children < 18 Years of Age
49,954	15,522	2,435	1,839	4,444	2,219	40,808	w. No Children < 18 Years of Age
11,313	2,314	0	683	1,924	1,723	7,455	Other Household Members
131,012	42,747	12,936	9,638	13,140	11,215	69,566	w/o Other Household Members
0	0	0	0	0	0	0	(Not Reported)
0	0	0	0	0	0	0	(Sex Not Reported)
<u>Race of Householder</u>							
292,051	153,199	46,513	22,750	12,783	17,508	238,695	White, non-Hispanic
145,720	58,220	9,699	29,709	88,767	36,163	132,854	Black, non-Hispanic
107,744	14,267	5,509	8,854	45,706	14,926	51,820	Puerto Rican
135,991	32,033	7,226	4,484	14,407	9,471	64,646	Other Hispanic
49,359	21,343	1,245	3,462	2,509	1,906	53,919	Asian / Pacific Islander
3,710	1,115	381	0	1,474	764	3,264	American Indian / Aleut / Eskimo
0	0	0	0	0	0	0	(Not Reported)
<u>Age of Householder</u>							
43,994	10,295	546	1,567	5,048	2,489	34,432	Under 25 years
205,998	59,998	2,153	15,069	24,023	12,618	174,743	25-34
197,831	59,616	6,362	13,449	36,822	17,010	149,848	35-44
127,355	61,529	8,628	13,229	33,060	13,848	84,300	45-54
53,689	21,426	6,480	5,947	19,594	6,520	34,147	55-61
15,846	6,138	2,895	2,258	7,050	2,827	10,090	62-64
57,242	30,907	17,712	8,499	22,484	11,129	34,984	65-74
24,079	22,748	18,025	6,402	14,282	11,099	17,779	75-84
8,541	7,519	7,771	2,838	3,283	3,198	4,875	85 or more years
0	0	0	0	0	0	0	(Not Reported)
43.0	48.0	66.0	51.0	51.0	53.0	42.0	Mean
40.0	45.0	70.0	49.0	50.0	50.0	38.0	Median

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

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

D.3 Demographic Characteristics (Continued)

	All Households [@]	Owner Households	Renter Households	Stabilized
Year Moved Into Current Dwelling				
1993-96	31.9%	15.7%	38.5%	39.7%
1990-92	16.0%	12.1%	17.6%	18.6%
1987-89	9.2%	11.7%	8.2%	7.9%
1984-86	7.1%	8.6%	6.4%	6.2%
1981-83	5.9%	6.3%	5.7%	6.1%
1971-80	16.5%	21.2%	14.6%	15.8%
Prior to 1971	13.6%	24.4%	9.2%	5.8%
Household Composition				
Married Couples				
Children < 18 Years of Age	13.3%	16.1%	12.1%	11.3%
w/o. Children < 18 Years of Age	6.1%	10.8%	4.0%	3.7%
Other Household Members	5.0%	7.4%	3.9%	3.6%
w/o. Other Household Members	15.0%	21.7%	12.1%	12.8%
(Not Reported)	-	-	-	-
Female Householder				
Children < 18 Years of Age	40.2%	29.4%	44.8%	43.0%
w/o. Children < 18 Years of Age	7.8%	2.0%	10.3%	9.2%
Other Household Members	7.5%	7.0%	7.7%	7.7%
w/o Other Household Members	5.0%	2.8%	6.0%	5.0%
(Not Reported)	19.9%	17.6%	20.9%	21.1%
(Not Reported)	-	-	-	-
Male Householder				
Children < 18 Years of Age	20.5%	14.6%	23.1%	25.6%
w/o. Children < 18 Years of Age	0.7%	0.4%	0.8%	0.7%
Other Household Members	5.4%	3.8%	6.0%	6.5%
w/o Other Household Members	1.2%	1.0%	1.3%	1.3%
(Not Reported)	13.3%	9.5%	14.9%	17.1%
(Sex Not Reported)	-	-	-	-
(Sex Not Reported)	-	-	-	-
Race of Householders				
White, non-Hispanic	47.1%	63.0%	40.3%	43.9%
Black, non-Hispanic	24.1%	20.1%	25.8%	20.1%
Puerto Rican	10.3%	4.5%	12.8%	12.0%
Other Hispanic	11.0%	4.6%	13.8%	16.6%
Asian / Pacific Islander	7.1%	7.5%	6.9%	7.0%
American Indian / Aleut / Eskimo	0.5%	0.3%	0.6%	0.5%
(Not Reported)	-	-	-	-
Age of Householders				
Under 25 years	3.8%	1.0%	5.1%	5.3%
25-34	20.8%	10.1%	25.4%	26.2%
35-44	23.8%	21.8%	24.7%	25.4%
45-54	19.0%	22.2%	17.6%	18.6%
55-61	8.9%	12.0%	7.6%	7.4%
62-64	3.0%	4.5%	2.4%	2.2%
65-74	11.5%	16.5%	9.4%	8.7%
75-84	6.9%	9.3%	5.9%	4.6%
85 or more years	2.2%	2.6%	2.0%	1.6%
Mean	-	-	-	-
Median	-	-	-	-

[@]All households, including owners and renters.

Totals may not add to 100% due to rounding.

Appendix D: 1996 Housing and Vacancy Survey

Rent-Stabilized Units		Rent Controlled	Mitchell- Lama	Public Housing	Other Regulated*	Other Rentals**	
Pre-1947	Post-1946						
							<u>Year Moved Into Current Dwelling</u>
41.8%	34.2%	0.0%	26.3%	16.8%	24.7%	51.3%	1993-96
19.2%	16.8%	0.0%	14.7%	14.1%	17.8%	19.4%	1990-92
8.0%	7.6%	0.0%	8.9%	11.8%	9.3%	8.4%	1987-89
6.3%	5.9%	0.0%	7.1%	9.0%	12.1%	6.0%	1984-86
6.0%	6.5%	1.2%	6.8%	7.6%	11.2%	3.9%	1981-83
15.0%	17.8%	10.3%	30.8%	21.1%	18.4%	8.5%	1971-80
3.8%	11.3%	88.5%	5.5%	19.6%	6.6%	2.6%	Prior to 1971
							<u>Household Composition</u>
29.3%	36.7%	23.0%	23.6%	17.8%	16.2%	42.4%	Married Couples
11.3%	11.1%	2.0%	7.9%	5.1%	6.3%	18.3%	Children < 18 Years of Age
3.9%	3.4%	4.0%	2.3%	3.2%	1.8%	5.3%	w/o Children < 18 Years of Age
3.5%	3.9%	1.4%	2.7%	2.9%	2.2%	5.5%	Other Household Members
10.6%	18.4%	15.7%	10.7%	6.5%	5.9%	13.3%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
43.8%	41.0%	54.7%	57.4%	69.7%	64.1%	34.9%	Female Householder
10.7%	5.4%	2.2%	14.0%	20.9%	18.3%	8.4%	Children < 18 Years of Age
7.8%	7.4%	7.9%	7.6%	11.3%	8.2%	6.4%	w/o Children < 18 Years of Age
5.9%	2.5%	3.6%	5.8%	12.8%	10.1%	5.4%	Other Household Members
19.4%	25.6%	41.0%	29.9%	24.7%	27.5%	14.7%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
26.9%	22.2%	22.3%	19.0%	12.6%	19.5%	22.7%	Male Householder
0.8%	0.6%	0.5%	1.5%	0.8%	0.8%	1.0%	Children < 18 Years of Age
6.8%	5.5%	3.5%	2.7%	2.7%	2.7%	7.5%	w/o Children < 18 Years of Age
1.5%	0.8%	0.0%	1.0%	1.2%	2.1%	1.4%	Other Household Members
17.8%	15.3%	18.3%	13.9%	7.9%	13.9%	12.8%	w/o Other Household Members
-	-	-	-	-	-	-	(Not Reported)
-	-	-	-	-	-	-	(Sex Not Reported)
							<u>Race of Householders</u>
39.8%	54.7%	65.9%	32.9%	7.7%	21.7%	43.8%	White, non-Hispanic
19.8%	20.8%	13.7%	42.9%	53.6%	44.8%	24.4%	Black, non-Hispanic
14.7%	5.1%	7.8%	12.8%	27.6%	18.5%	9.5%	Puerto Rican
18.5%	11.4%	10.2%	6.5%	8.7%	11.7%	11.9%	Other Hispanic
6.7%	7.6%	1.8%	5.0%	1.5%	2.4%	9.9%	Asian / Pacific Islander
0.5%	0.4%	0.5%	0%	0.9%	0.9%	0.6%	American Indian / Aleut / Eskimo
-	-	-	-	-	-	-	(Not Reported)
							<u>Age of Householders</u>
6.0%	3.7%	0.8%	2.3%	3.0%	3.1%	6.3%	Under 25 years
28.0%	21.4%	3.1%	21.8%	14.5%	15.6%	32.1%	25-34
26.9%	21.3%	9.0%	19.4%	22.2%	21.1%	27.5%	35-44
17.3%	22.0%	12.2%	19.1%	20.0%	17.2%	15.5%	45-54
7.3%	7.6%	9.2%	8.6%	11.8%	8.1%	6.3%	55-61
2.2%	2.2%	4.1%	3.3%	4.3%	3.5%	1.9%	62-64
7.8%	11.0%	25.1%	12.3%	13.6%	13.8%	6.4%	65-74
3.3%	8.1%	25.5%	9.2%	8.6%	13.7%	3.3%	75-84
1.2%	2.7%	11.0%	4.1%	2.0%	4.0%	0.9%	85 or more years
-	-	-	-	-	-	-	Mean
-	-	-	-	-	-	-	Median

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

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

Totals may not add to 100% due to rounding.

D.4 Housing / Neighborhood Quality Characteristics

	All Units [@]	Owner Units	Renter Units	Stabilized
<u>Maintenance Quality</u> (Units experiencing:)				
Additional Heating Required	364,220	49,756	314,464	157,381
" " Not Required	2,022,187	654,221	1,367,966	694,847
(Not Reported)	(393,941)	(130,206)	(263,735)	(162,522)
Heating Breakdowns	382,513	54,351	328,162	191,661
No Breakdowns	1,993,937	646,968	1,346,970	657,766
(Not Reported)	(403,898)	(132,865)	(271,034)	(165,324)
Broken Plaster/Peeling Paint	432,675	57,846	374,829	213,945
No Broken Plaster/Peeling Paint	1,946,002	646,637	1,299,365	633,840
(Not Reported)	(401,671)	(129,700)	(271,971)	(166,966)
Cracked Interior Walls or Ceilings	337,058	30,888	306,170	177,316
No Cracked Walls or Ceilings	2,065,353	678,832	1,386,521	680,116
(Not Reported)	(377,937)	(124,463)	(253,474)	(157,319)
Holes in Floor	158,504	10,677	147,827	95,724
No Holes in Floor	2,185,291	681,501	1,503,790	740,012
(Not Reported)	(436,553)	(142,005)	(294,548)	(179,015)
Rodent Infestation	562,886	55,177	507,709	308,501
No Infestation	1,830,794	649,988	1,180,806	547,579
(Not Reported)	(386,669)	(129,019)	(257,650)	(158,671)
Toilet Breakdown	251,696	51,041	200,655	105,312
No Toilet Breakdown/No Facilities	2,120,066	655,424	1,464,642	737,341
(Not Reported)	(408,586)	(127,719)	(280,867)	(172,098)
Water Leakage Inside Unit	519,770	99,183	420,587	246,681
No Water Leakage	1,874,241	608,127	1,266,114	608,425
(Not Reported)	(386,337)	(126,873)	(259,464)	(159,645)
Units in Buildings w. No Maintenance Defects	1,070,495	425,868	644,627	283,693
Units in Buildings w. 1 Maintenance Defect	484,156	142,137	342,020	177,752
Units in Buildings w. 2 Maintenance Defects	265,163	49,454	215,709	120,392
Units in Buildings w. 3 Maintenance Defects	152,464	17,188	135,276	76,395
Units in Buildings w. 4 Maintenance Defects	104,287	5,336	98,950	58,522
Units in Buildings w. 5+ Maintenance Defects	96,749	2,638	94,110	58,507
(Not Reported)	(607,034)	(191,562)	(415,473)	(239,491)
<u>Condition of Neighboring Buildings</u>				
Excellent	402,439	198,375	204,064	91,511
Good	1,283,155	406,380	876,775	448,524
Fair	575,735	91,441	484,294	254,616
Poor Quality	139,727	12,928	126,799	66,637
(Not Reported)	(379,293)	(125,060)	(254,233)	(153,463)
Boarded Up Structures in Neighborhood	384,559	78,081	306,478	147,181
Units Not Close to " "	2,053,483	642,086	1,411,397	723,515
(Not Reported)	(342,306)	(114,016)	(228,291)	(144,055)

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

Appendix D: 1996 Housing and Vacancy Survey

<u>Rent-Stabilized Units</u> <i>Pre-1947</i>	<u>Rent-Stabilized Units</u> <i>Post-1946</i>	<u>Rent</u> <u>Controlled</u>	<u>Mitchell-</u> <u>Lama</u>	<u>Public</u> <u>Housing</u>	<u>Other</u> <u>Regulated*</u>	<u>Other</u> <u>Rentals**</u>	
							<u>Maintenance Quality</u> (Units experiencing:)
122,656	34,725	13,013	13,109	44,717	21,216	65,028	Additional Heating Required
505,706	189,141	51,363	45,196	109,186	51,981	415,393	“ “ Not Required
(106,213)	(56,309)	(6,196)	(10,954)	(11,744)	(7,541)	(64,777)	(Not Reported)
149,926	41,735	12,999	6,541	37,742	18,908	60,312	Heating Breakdowns
475,563	182,203	51,282	50,464	116,736	53,104	417,617	No Breakdown
(109,086)	(56,238)	(6,292)	(12,254)	(11,169)	(8,726)	(67,268)	(Not Reported)
175,491	38,455	16,415	6,401	53,835	16,019	68,214	Broken Plaster/Peeling Paint
447,846	185,994	46,981	51,313	98,216	57,342	411,674	No Broken Plaster/Peeling Paint
(111,239)	(55,727)	(7,176)	(11,545)	(13,596)	(7,378)	(65,310)	(Not Reported)
154,140	23,177	13,294	4,050	38,241	19,155	54,114	Cracked Interior Walls or Ceilings
476,774	203,342	51,265	54,299	117,117	54,967	428,757	No Cracked Walls or Ceilings
(103,662)	(53,658)	(6,013)	(10,909)	(10,289)	(6,616)	(62,326)	(Not Reported)
89,475	6,249	6,227	650	9,513	11,670	24,044	Holes in Floor
525,616	214,397	56,421	55,336	143,264	61,053	447,702	No Holes in Floor
(119,484)	(59,531)	(7,924)	(13,273)	(12,870)	(8,015)	(73,451)	(Not Reported)
259,256	49,245	15,038	11,781	44,766	37,486	90,137	Rodent Infestation
372,440	175,140	49,369	46,646	110,128	36,474	390,610	No Infestation
(102,880)	(55,791)	(6,165)	(10,832)	(10,753)	(6,779)	(64,451)	(Not Reported)
82,779	22,532	6,830	7,872	25,747	12,702	42,192	Toilet Breakdown
530,491	206,850	56,433	50,595	124,252	59,186	436,835	No Toilet Breakdown/No Facilities
(121,304)	(50,794)	(7,309)	(10,792)	(15,648)	(8,850)	(66,171)	(Not Reported)
196,149	50,533	18,290	10,193	41,075	21,285	83,063	Water Leakage Inside Unit
433,394	175,032	45,754	48,018	113,234	52,290	398,393	No Water Leakage
(105,033)	(54,612)	(6,528)	(11,048)	(11,338)	(7,164)	(63,742)	(Not Reported)
184,404	99,289	25,533	27,912	41,784	20,059	245,646	Units in Buildings w. No Defects
131,034	46,718	11,119	10,434	31,509	15,298	95,907	Units in Buildings w. 1 Defect
90,921	29,471	7,215	7,003	27,273	8,674	45,153	Units in Buildings w. 2 Defects
61,112	15,283	5,189	3,743	17,824	8,167	23,959	Units in Buildings w. 3 Defects
50,474	8,048	5,242	1,998	11,321	6,826	15,041	Units in Buildings w. 4 Defects
51,909	6,596	3,492	1,367	9,674	7,604	13,470	Units in Buildings w. 5+ Defects
(164,719)	(74,772)	(12,782)	(16,803)	(26,263)	(14,110)	(106,023)	(Not Reported)
							<u>Condition of Neighboring Buildings</u>
57,088	34,423	10,694	5,884	6,644	6,391	82,940	Excellent
312,876	135,647	33,026	32,337	59,489	28,184	275,215	Good
204,413	50,203	15,442	16,921	70,242	25,498	101,575	Fair
59,326	7,311	5,243	2,940	18,253	13,999	19,727	Poor Quality
(100,871)	(52,592)	(6,167)	(11,177)	(11,018)	(6,667)	(65,741)	(Not Reported)
124,244	22,937	12,741	7,347	32,254	26,002	80,953	Boarded Up Structures in Neighborhood
514,960	208,555	52,530	50,696	122,581	49,123	412,951	Units Not Close to “ “
(95,371)	(48,684)	(5,301)	(11,215)	(10,812)	(5,614)	(51,293)	(Not Reported)

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

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

D.4 Housing / Neighborhood Quality Characteristics (Continued)

	All Dwellings [@]	Owner Units	Rental Units	Stabilized
<u>Maintenance Quality</u>				
(Units experiencing:)				
Additional Heating Required	15.3%	7.1%	18.7%	18.5%
" " Not Required	84.7%	92.9%	81.3%	81.5%
(Not Reported)	-	-	-	-
Heating Breakdowns	16.1%	7.8%	19.6%	22.6%
No Breakdowns	83.9%	92.3%	80.4%	77.4%
(Not Reported)	-	-	-	-
Broken Plaster/Peeling Paint	18.2%	8.2%	22.4%	25.2%
No Broken Plaster/Peeling Paint	81.8%	91.8%	77.6%	74.8%
(Not Reported)	-	-	-	-
Cracked Interior Walls or Ceilings	14.0%	4.4%	18.1%	20.7%
No Cracked Walls or Ceilings	86.0%	95.6%	81.9%	79.3%
(Not Reported)	-	-	-	-
Holes in Floors	6.8%	1.5%	9.0%	11.5%
No Holes in Floors	93.2%	98.5%	91.0%	88.5%
(Not Reported)	-	-	-	-
Rodent Infestation	23.6%	7.8%	30.1%	36.0%
No Infestation	74.4%	92.2%	69.9%	64.0%
(Not Reported)	-	-	-	-
Toilet Breakdown	10.6%	7.2%	12.1%	12.5%
No Toilet Breakdowns/No Facilities	89.4%	92.8%	88.0%	87.5%
(Not Reported)	-	-	-	-
Water Leakage Inside Unit	21.7%	14.0%	24.9%	28.9%
No Water Leakage	78.3%	86.0%	75.1%	71.2%
(Not Reported)	-	-	-	-
Units in Buildings w. No Maintenance Defects	49.3%	66.3%	42.1%	36.6%
Units in Buildings w. 1 Maintenance Defect	22.3%	22.2%	22.3%	22.9%
Units in Buildings w. 2 Maintenance Defects	12.3%	7.7%	14.1%	15.5%
Units in Buildings w. 3 Maintenance Defects	7.1%	2.7%	8.8%	9.9%
Units in Buildings w. 4 Maintenance Defects	4.8%	0.9%	6.5%	7.6%
Units in Buildings w. 5+ Maintenance Defects	4.6%	0.6%	6.1%	7.5%
(Not Reported)	-	-	-	-
<u>Condition of Neighboring Buildings</u>				
Excellent	16.8%	28.0%	12.1%	10.6%
Good	53.4%	57.3%	51.8%	52.1%
Fair	24.0%	12.9%	28.6%	29.6%
Poor Quality	5.8%	1.8%	7.5%	7.7%
(Not Reported)	-	-	-	-
Boarded Up Structures in Neighborhood	15.8%	10.8%	17.8%	16.9%
Units Not " "	84.2%	89.2%	82.2%	83.1%
(Not Reported)	-	-	-	-

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

Totals may not add to 100% due to rounding.

Appendix D: 1996 Housing and Vacancy Survey

Rent-Stabilized Units		Rent	Mitchell-	Public	Other	Other	
<u>Pre-1947</u>	<u>Post-1946</u>	<u>Controlled</u>	<u>Lama</u>	<u>Housing</u>	<u>Regulated*</u>	<u>Rentals**</u>	
19.5%	15.5%	20.2%	22.5%	29.1%	29.0%	13.5%	<u>Maintenance Quality</u>
80.5%	84.5%	79.8%	77.5%	70.9%	71.0%	86.5%	(Units experiencing)
-	-	-	-	-	-	-	Additional Heating Required
24.0%	18.6%	20.2%	11.5%	24.4%	26.3%	12.6%	" " Not Required
76.0%	81.4%	79.8%	88.5%	75.6%	73.7%	87.4%	(Not Reported)
-	-	-	-	-	-	-	Heating Breakdowns
28.2%	17.2%	25.9%	11.1%	35.4%	21.8%	14.2%	No Heating Breakdowns
71.9%	82.9%	74.1%	88.9%	64.6%	78.2%	85.8%	(Not Reported)
-	-	-	-	-	-	-	Broken Plaster/Peeling Paint
24.4%	10.2%	20.6%	6.9%	24.6%	25.8%	11.2%	No Broken Plaster/Peeling Paint
75.6%	89.8%	79.4%	93.1%	75.4%	74.2%	88.8%	(Not Reported)
-	-	-	-	-	-	-	Cracked Interior Walls or Ceilings
14.5%	2.8%	9.9%	1.2%	6.2%	16.0%	5.1%	No Cracked Walls or Ceilings
85.5%	97.2%	90.1%	98.8%	93.8%	84.0%	94.9%	(Not Reported)
-	-	-	-	-	-	-	Holes in Floors
41.0%	21.9%	23.6%	20.3%	29.0%	50.7	18.7%	No Holes in Floors
59.0%	78.1%	76.4%	79.7%	71.0%	49.3	81.3%	(Not Reported)
-	-	-	-	-	-	-	Rodent Infestation
13.5%	9.8%	10.8%	13.5%	17.2%	17.7%	8.8%	No Infestation
86.5%	90.2%	89.2%	86.5%	82.8%	82.3%	91.2%	(Not Reported)
-	-	-	-	-	-	-	Toilet Breakdown
31.2%	22.4%	28.6%	17.5%	26.6%	28.9%	17.3	No Toilet Breakdown/No Facilities
68.8%	77.6%	71.4%	82.5%	73.4%	71.1%	82.7	(Not Reported)
-	-	-	-	-	-	-	Water Leakage Inside Unit
32.4%	48.3%	44.2%	53.2%	30.0%	30.1%	55.9%	No Water Leakage
23.0%	22.7%	19.2%	19.9%	22.6%	23.0%	21.8%	(Not Reported)
16.0%	14.4%	12.5%	13.4%	19.6%	13.0%	10.3%	Units in Buildings w. No Defects
10.7%	7.4%	9.0%	7.1%	12.8%	12.3%	5.5%	Units in Buildings w. 1 Defect
8.9%	3.9%	9.1%	3.8%	8.1%	10.2%	3.4%	Units in Buildings w. 2 Defects
9.1%	3.2%	6.1%	2.6%	6.9%	11.4%	3.1%	Units in Buildings w. 3 Defects
-	-	-	-	-	-	-	Units in Buildings w. 4 Defects
-	-	-	-	-	-	-	Units in Buildings w. 5+ Defects
-	-	-	-	-	-	-	(Not Reported)
9.0%	15.1%	16.6%	10.1%	4.3%	8.6%	17.3%	<u>Condition of Neighboring Buildings</u>
49.4%	59.6%	51.3%	55.7%	38.5%	38.0%	57.4%	Excellent
32.3%	22.1%	24.0%	29.1%	45.4%	34.4%	21.2%	Good
9.4%	3.2%	8.1%	5.1%	11.8%	18.9%	4.1%	Fair
-	-	-	-	-	-	-	Poor Quality
19.4%	9.9%	19.5%	12.7%	20.8%	34.6%	16.4%	(Not Reported)
80.6%	90.1%	80.5%	87.3%	79.2%	65.4%	83.6%	Boarded Up Structures in Neighborhood
-	-	-	-	-	-	-	Units Not " "
-	-	-	-	-	-	-	(Not Reported)

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

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

Totals may not add to 100% due to rounding.

Appendix E: Mortgage Survey

E.1 Interest Rates and Terms for New and Refinanced Mortgages, 1997

New Mortgages					Refinanced Mortgages				
Instn	Rate	Points	Term (yrs)	Type	Instn	Rate	Points	Term (yrs)	Type
5	8.38%	1.0-2.0	5-25	adjΔ	5	8.38%	1.0-2.0	5-25	adjΔ
10	8.00%	1.0	10-25	fxd & adj	10	8.00%	1.0	10-25	fxd & adj
12	10.25%	2.0	15	fxd	12	10.25%	2.0	15	fxd
14	7.75-9.0%	1.0-2.0	5+5	adj after 15 yrs	14	7.75-9.0%	1.0-2.0	5+5	adj after 15 yrs
15	7.02-7.52%	1.0	5+5 or 10	fxd	15	7.02-7.52%	1.0	5+5	fxd
18	market rates	--	--	--	18	market rates	--	--	--
21	7.0-7.75%	1.0	5	fxd	21	7.0-7.75%	1.0	5	fxd
23	8.30%	1.0	5	fxd	23	8.30%	0	5	fxd
29	8.25-9.25%	1.0-2.0	up to 30	fxd, adj	29	8.25-8.50%	1.0-2.0	up to 30	fxd
33	9.25%	1.0-2.0	10	adjπ	33	9.25%	1.0-2.0	10	adjπ
40	8.25%	1.0	10	fxd	40	8.25%	1.0	10	fxd
43	8.75%	1.5	15	adj	43	8.75%	1.5	15	adj
44	9.00%	1.0	5+5+5	adj	44	§	--	--	--
47	7.75-9.0%	1.0	5+5 opt.	fxd	47	7.75-9.0%	1.0	5+5 opt.	fxd
50	Ω	1.0-2.0	NR	fxd, adj, bal	50	Ω	1.0-2.0	NR	fxd, adj, bal
54	8.0-9.0%	1.0	5+ 5 opt.	fxd	54	9.0-9.50%	1.0	5	fxd
56	7.88%	1.0	5	adj J	56	7.88%	1.0	5	adj J
57	10.00%	1.5	3	fxd	57	9.50%	0	3	fxd
64	6.71-7.21%	1.0-2.0	7-20	fxd	64	§	--	--	--
70	8.00%	1.0	NR	fxd	70	8.00%	1.0	NR	fxd
73	8.50%	1.5	25	adj	73	8.50%	1.0	25	adj
74	9.0-11.00%	1.0-3.0	5-15	adj	74	9.0-11.00%	1.0	10-15	adj
75	9.50%	1.0	10	adjø	75	9.50%	1.0	10	adjø
77	10.75%	1.5	15	adj	77	§	--	--	--
78	9.75-10.0%	1.5-2.0	5-7	adj	78	9.75-10.0%	1.5-2.0	5-7	adj
81	9.25%	1.0	30	fxd	81	§	--	--	--
83	10.00%	1.0-2.0	15	fxd	83	10.00%	1.0-2.0	15	fxd
87	10.00%	2.0	10 or 15	fxd	87	§	--	--	--
Avg	8.83%	1.34	11.15	†	Avg	8.36%	1.15	10.08	†

NR indicates no response to this question.

fxd = fixed, adj = adjustable, bal = balloon

Δ 5-20 years fixed, 25 years adjustable.

J 5 year adjustable rate mortgage with 10-25 year amortization.

Ω Treasury Bill plus spread.

π 20-25 year amortization.

ø 15 year amortization.

§ Refinancing not available or no refinanced mortgages right now.

† No average could be computed due to large variations in responses.

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

Source: 1997 Rent Guidelines Board Mortgage Survey.

E.2 Typical Characteristics of Rent-Stabilized Buildings, 1997

Lending Institution	Loan-to-Value of Outstanding Loans	Maximum Loan-to-Value Standard	Debt Service Coverage	Vacancy & Collection Losses	Collection Losses Only	Typical Building Size	Monthly O&M Cost per Unit
5	75%	80%	1.25%	5%	1%	20-49	\$217
10	55%	75%	1.20%	5%	DK	50-99	45%-55% of income
12	60%	50%-67%	1.25%	3%	1%	1-10	30%-60% of income
14	70%	75%	1.15%	NR	NR	50-99	\$300-\$400
15	65%	75%	1.20%	1%	1%	50-99	\$280-\$400
18	70%	75%	1.30%	5%	5%	20-49	\$750
21	65%	NR	NR	1%	1%	50-99	\$550
23	70%	70%	1.25%	5%	4%	50-99	\$320
29	NR	80%	1.25%	6%	DK	20-99	\$300
33	65%	50%-70%	1.25%-1.40%	3%	1%	20-49	\$208
40	75%	75%	1.25%	5%	1%	NR	\$325
43	70%	70%	1.20%	7%	5%	20-49	NR
44	65%	70%	1.25%	5%	3%	1-10	\$210
47	60%	75%	1.30%	5%	NR	20-49	\$250-\$350
50	60%	75%	1.15%	5%	2%	20-49	\$295
54	55%	60%	1.25%	3%	DK	20-49	\$356
56	65%	70%	1.25%	5%	<1%	50-99	NR
57	60%	65%-70%	1.40%	5%	5%	20-49	\$200-\$300
64	75%	80%	1.25%	6%	1%	100+	NR
70	65%	70%	1.25%	2%	1%	50-99	\$200
73	70%	75%	1.25%	5%	DK	11-19	DK
74	70%	DK	1.25%	5%	2%	11-19	varies
75	65%	NR	NR	5%	3%	20-49	\$225
77	65%	65%	1.20%	3%	NA	20-49	\$190
78	60%	70%	1.30%	5%	3%	20-49	NR
81	80%	80%	1.20%	5%	5%	50-99	NR
83	65%	65%	1.20%	<1%	<1%	1-10	\$252
87	50%	NR	NR	5%	3%	11-19	\$200
Average	65.6%	71.5%	1.25%	4.3%	2.4%	mode 20-49	†

NR indicates no response to this question.

DK indicates the respondent does not know the answer to this question.

† No monthly average could be computed due to the large variation in responses.

Note: The average for loan-to-value and debt service coverage ratios is calculated using the midpoint when a range is given by the lending institution.

Source: 1997 Rent Guidelines Board Mortgage Survey.

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

Lending Institution	Interest Rates		Points		Term		Type	
	1997	1996	1997	1996	1997	1996	1997	1996
10	8.00%	7.75-8.13%	1.0	1.0	10-25	Δ	fxd & adj	fxd & adj Δ
12	10.25%	9.25-10.75%	2.0	2.0	15	5-25 §	fxd	fxd
14	7.75-9.0%	7.75-9.0%	1.0-2.0	1.0-2.0	5+5	5+5	adj after 15 yrs	adj after 5 yrs
15	7.02-7.52%	7.75-8.25%	1.0	1.0	5+5 or 10	5+5 opt.	fxd	fxd
18	NR	--	NR	--	NR	balloon	NR	adj
21	7.00-7.75%	7.00-7.50%	1.0	1.0	5	5	fxd	fxd
23	8.30%	8.10%	1.0	1.0	5	5	fxd	fxd
40	8.25%	9.00%	1.0	1.0	10	5	fxd	fxd
43	8.75%	9.50%	1.5	1.5	15	15	adj	adj
44	9.00%	9.00%	1.0	1.0-2.0	5+5+5	5+5	adj	fxd
56	7.88%	7.50%	1.0	1.0	5	5	adj ∫	adj ∫
57	10.00%	10.00%	1.5	2.0	3	5+5	fxd	fxd
Avg	8.50%	8.61%	1.23	1.32	†	†	†	†

NR indicates no response to this question.

Δ 5 year fixed with 10 year amortization, 5 year adjustable with 25 year amortization.

§ up to 5-year term is adjustable, longer terms are fixed at higher rates.

∫ 5 year adjustable rate mortgage with 10-25 year amortization.

† No average could be computed due to large variation in responses.

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

Source: 1996 and 1997 Rent Guidelines Board Mortgage Surveys.

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

Lending Institution	Interest Rates		Points		Term		Type	
	1997	1996	1997	1996	1997	1996	1997	1996
10	8.00%	7.75-8.13%	1.0	1.0	10-25	5	fxd & adj	adj Δ
12	10.25%	9.25-10.75%	2.0	2.0	15	15	fxd	fxd
14	7.75-9.0%	7.75-9.0%	1.0-2.0	1.0-2.0	5+5	5+5	adj after 15 yrs	adj after 5 yrs
15	7.02-7.52%	7.75-8.25%	1.0	1.0	5+5 or 10	5+5 opt.	fxd	fxd
18	NR	--	NR	--	NR	balloon	NR	adj
21	7.00-7.75%	7.00-7.50%	1.0	1.0	5	5	fxd	fxd
23	8.30%	8.10%	0	0	5	5	fxd	fxd
40	8.25%	9.00%	1.0	1.0	10	5	fxd	fxd
43	8.75%	9.50%	1.5	1.5	15	15	adj	adj
44	§	--	§	--	§	5+5	§	fxd
56	7.88%	7.50%	1.0	1.0	5	5	adj ∫	adj ∫
57	9.50%	9.25%	0	0-2.0	3	5+5	fxd	fxd
Avg	8.39%	8.49%	1.00	1.10	†	†	†	†

NR indicates no response to this question.

Δ 5 year fixed with 10 year amortization, 5 year adjustable with 25 year amortization.

∫ 5 year adjustable rate mortgage with 10-25 year amortization.

§ Refinancing not available or no refinanced mortgages right now.

† No average could be computed due to large variation in responses.

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

Source: 1996 and 1997 Rent Guidelines Board Mortgage Surveys.

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

Lending Institution	Max Loan-to-Value		Debt Service Coverage		Rental Losses	
	1997	1996	1997	1996	1997	1996
10	75%	70%	1.20	1.20	5%	≤1%
12	50-67%	50-60%	1.25	1.25	3%	≤1%
14	75%	75%	1.15	1.15	NR	--
15	75%	75%	1.20	1.20	1%	5%
18	75%	70%	1.30	1.30	5%	≥6%
21	NR	NR	NR	NR	1%	≤1%
23	70%	70%	1.25	1.25	5%	5%
40	75%	75%	1.25	1.25	5%	3%
43	70%	70%	1.20	1.25	>7%	≤1%
44	70%	65-70%	1.25	1.25-1.35	5%	5%
56	70%	70%	1.25	1.40	--	β
57	65-70%	65%	1.40	1.35	5%	5%
Avg	72%	70%	1.25	1.26	4.20%	3.30%

NR indicates no response to this question.

β Just began financing in June 1995.

Note: The average for loan-to-value and debt service coverage ratios is calculated using the midpoint when a range is given by the lending institution.

Source: 1996 and 1997 Rent Guidelines Board Mortgage Surveys.

E.6 Interest Rates and Housing Permits, 1981-1997

Year	Interest Rates for New Mortgages	Permits for New Housing Units
1981	15.9%	11,060
1982	16.3%	7,649
1983	13.0%	11,795
1984	13.5%	11,566
1985	12.9%	20,332
1986	10.5%	9,782
1987	10.2%	13,764
1988	10.8%	9,897
1989	12.0%	11,546
1990	11.2%	6,858
1991	10.7%	4,699
1992	10.1%	3,882
1993	9.2%	5,173
1994	8.6%	4,010
1995	10.1%	5,135
1996	8.6%	8,652
1997	8.8%	4,252 (3,531)

Note: Housing permits for 1997 are through June. The number of permits issued during the same period in 1996 are in parentheses.

Sources: Rent Guidelines Board, Annual RGB Mortgage Surveys; U.S. Bureau of the Census.

Appendix F: Income and Affordability Study

F.1 Average Payroll Employment by Industry for NYC, 1988-97 (Thousands)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	thru June 1997
Construction	120.1	120.8	114.9	99.8	87.1	85.8	89.3	90.2	91.2	89.3
Manufacturing	370.1	359.5	337.5	307.8	292.8	288.8	280.4	273.5	264.5	259.1
Transportation	219.5	218.1	229.1	218.4	204.8	203.4	201.5	202.9	204.6	205.5
Trade	634.3	630.2	608.3	565.3	545.6	537.9	544.1	555.4	561.9	561.9
FIRE	542.4	530.6	519.6	493.6	473.5	471.6	480.3	473.4	472.3	474.3
Services	1,123.1	1,147.2	1,149.0	1,096.9	1,093.1	1,115.8	1,148.1	1,183.6	1,229.0	1,261.1
Mining	0.5	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3
Total Private	3,010.0	3,006.7	2,958.7	2,782.1	2,697.3	2,703.6	2,744.0	2,779.3	2,823.7	2,851.5
Government	595.7	601.5	607.6	592.6	584.1	579.7	566.6	543.6	533.8	526.9
New York City ^Ω	--	--	--	--	--	223.8	--	206.4	204.1	--
Total	3,605.7	3,608.2	3,566.3	3,374.7	3,281.4	3,283.3	3,310.6	3,322.9	3,357.5	3,378.4

^Ω Estimate from Mayor's Office of Management and Budget.

Note: Totals may not add due to rounding. The Bureau of Labor Statistics revises the statistics periodically. The employment figures reported here may not be the same as those reported in prior years.

Source: U.S. Bureau of Labor Statistics; City of New York employment figures from the New York City Office of Management and Budget.

F.2 Average Annual Employment Statistics by Area, 1988-97

	1988	1989	1990	1991	1992	1993	1994	1995	1996	thru June 1997
Unemployment Rate										
Bronx	5.5%	7.0%	8.2%	10.1%	12.5%	11.9%	10.0%	9.6%	10.3%	--
Brooklyn	5.5%	6.7%	7.9%	9.5%	12.0%	11.2%	9.7%	9.2%	9.7%	--
Manhattan	4.3%	5.0%	5.8%	7.3%	9.0%	8.8%	7.6%	7.0%	7.3%	--
Queens	4.0%	5.0%	6.0%	8.0%	10.5%	9.5%	8.2%	7.6%	8.0%	--
Staten Island	4.0%	4.8%	6.4%	8.3%	10.4%	9.2%	7.8%	7.4%	7.7%	--
NYC	4.7%	5.8%	6.8%	8.6%	10.8%	10.1%	8.7%	8.2%	8.6%	9.8%
U.S.	5.5%	5.3%	5.6%	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%	5.1%
Participation Rate										
NYC	55.0%	57.6%	57.0%	56.4%	56.3%	55.9%	55.5%	55.2%	56.7% ^β	--
U.S.	65.9%	66.5%	66.5%	66.2%	66.4%	66.3%	66.6%	66.6%	66.8%	--
Gross City Product (thousands, \$1987)	212.5	211.2	212.2	204.9	209.3	213.3	217.6	219.6	223.8	--
% Change	4.0%	-0.6%	0.5%	-3.4%	2.1%	1.9%	2.0%	0.9%	1.9%	--

^β Unpublished BLS figure.

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

Sources: U.S. Bureau of Labor Statistics; New York State Department of Labor; New York City Comptroller's Office.

F.3 Average Real Wage Rates by Industry for NYC, 1989-96 (1989 dollars)

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Construction	\$36,294	\$35,240	\$34,832	\$34,861	\$34,305	\$34,399	\$34,023	\$34,166
Manufacturing	\$29,697	\$30,303	\$30,492	\$32,137	\$31,151	\$31,837	\$32,838	\$34,678
Transportation	\$36,319	\$35,654	\$34,737	\$36,046	\$34,945	\$35,309	\$35,733	\$36,626
Trade	\$24,968	\$24,662	\$24,382	\$24,974	\$24,234	\$24,304	\$24,031	\$23,851
FIRE	\$49,940	\$50,302	\$51,225	\$63,917	\$63,290	\$59,287	\$65,902	\$74,258
Services	\$28,596	\$29,044	\$28,764	\$29,576	\$29,210	\$29,106	\$29,422	\$29,340
Total Private	\$32,559	\$32,746	\$32,769	\$35,658	\$34,981	\$34,304	\$35,533	\$36,932
Government	\$30,633	\$30,745	\$29,808	\$29,843	\$29,936	\$30,691	\$31,851	\$32,144
Total	\$32,242	\$32,408	\$32,239	\$34,641	\$34,107	\$33,743	\$34,942	\$36,193

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

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

F. 4 Average Nominal Wage Rates by Industry for NYC, 1989-96

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Construction	\$36,294	\$37,372	\$38,619	\$40,040	\$40,583	\$41,669	\$42,255	\$43,663
Manufacturing	\$29,697	\$32,137	\$33,807	\$36,911	\$36,851	\$38,567	\$40,784	\$44,317
Transportation	\$36,319	\$37,811	\$38,514	\$41,401	\$41,340	\$42,773	\$44,379	\$46,806
Trade	\$24,968	\$26,154	\$27,033	\$28,684	\$28,669	\$29,439	\$29,846	\$30,480
FIRE	\$49,940	\$53,345	\$56,795	\$73,412	\$74,873	\$71,820	\$81,848	\$94,898
Services	\$28,596	\$30,801	\$31,891	\$33,970	\$34,556	\$35,259	\$36,541	\$37,495
Total Private	\$32,559	\$34,727	\$36,332	\$40,955	\$41,383	\$41,556	\$44,130	\$47,078
Government	\$30,633	\$32,605	\$33,049	\$34,267	\$35,415	\$37,179	\$39,558	\$41,078
Total	\$32,242	\$34,369	\$35,744	\$39,787	\$40,349	\$40,876	\$43,397	\$46,253

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

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

F.5 Housing and Vacancy Survey Data, Rent-Stabilized Apartments, 1993 and 1996

	1993 Unimputed		1996 Unimputed		1996 Imputed	
	Number	Percent	Number	Percent	Number	Percent
Household Income						
<\$5,000/Loss/No Income	63,010	8.8%	57,605	8.3%	89,893	8.9%
\$5,000 to \$9,999	140,130	19.6%	130,121	18.7%	145,235	14.3%
\$10,000 to \$14,999	71,695	10.0%	65,079	9.3%	87,960	8.7%
\$15,000 to \$19,999	67,128	9.4%	60,777	8.7%	81,025	8.0%
\$20,000 to \$24,999	67,321	9.4%	59,715	8.6%	85,367	8.4%
\$25,000 to \$29,999	51,974	7.3%	50,912	7.3%	75,694	7.5%
\$30,000 to \$34,999	47,963	6.7%	49,269	7.1%	71,695	7.1%
\$35,000 to \$39,999	39,166	5.5%	37,061	5.3%	57,521	5.7%
\$40,000 to \$49,999	51,625	7.2%	57,229	8.2%	89,571	8.8%
\$50,000 to \$59,999	38,930	5.4%	35,951	5.2%	66,957	6.6%
\$60,000 to \$69,999	23,711	3.3%	28,940	4.2%	47,346	4.7%
\$70,000 to \$79,999	12,769	1.8%	16,090	2.3%	30,646	3.0%
\$80,000 to \$89,999	9,743	1.4%	10,659	1.5%	18,261	1.8%
\$90,000 to \$99,999	3,867	0.5%	7,627	1.1%	13,989	1.4%
\$100,000 or More	26,036	3.6%	30,076	4.3%	53,590	5.3%
Not Reported	263,958	--	317,651	--	0	--
Median	\$20,160	--	\$21,600	--	\$25,300	--
Mean	\$29,042	--	\$	--	\$35,725	--
Contract Rent						
<\$100	5,850	0.6%	3,235	0.3%	3,379	0.3%
\$100 to \$199	31,031	3.4%	19,998	2.1%	21,250	2.1%
\$200 to \$299	54,920	6.0%	29,907	3.2%	31,519	3.2%
\$300 to \$399	120,221	13.0%	72,177	7.7%	75,037	7.5%
\$400 to \$499	184,335	20.0%	148,495	15.8%	155,700	15.6%
\$500 to \$599	183,487	19.9%	196,185	20.8%	207,237	20.7%
\$600 to \$699	125,490	13.6%	165,009	17.5%	173,327	17.3%
\$700 to \$799	73,423	8.0%	97,644	10.4%	104,259	10.4%
\$800 to \$899	39,879	4.3%	62,020	6.6%	67,628	6.8%
\$900 to \$999	22,735	2.5%	35,792	3.8%	38,605	3.9%
\$1,000 to \$1,249	39,209	4.3%	47,141	5.0%	52,071	5.2%
\$1,250 to \$1,499	16,601	1.8%	20,777	2.2%	22,719	2.3%
\$1,500 to \$1,749	25,013	2.7%	17,999	1.9%	19,325	1.9%
\$1,750 or More	Δ	Δ	24,810	2.6%	28,427	2.8%
No Cash Rent	14,528	--	14,267	--	14,267	--
Not Reported	42,303	--	59,294	--	0	--
Median	\$525	--	\$600	--	\$600	--
Mean	\$593	--	\$	--	\$680	--
Contract-Rent-to-Income Ratio						
<10%	44,301	6.5%	35,793	5.3%	78,604	8.1%
10% to 14%	83,327	12.2%	69,055	10.2%	117,880	12.2%
15% to 19%	84,908	12.5%	87,432	12.9%	131,084	13.6%
20% to 24%	84,132	12.4%	72,606	10.7%	105,155	10.9%
25% to 29%	61,957	9.1%	62,602	9.2%	85,350	8.8%
30% to 34%	50,287	7.4%	50,508	7.4%	72,353	7.5%
35% to 39%	33,677	5.0%	36,930	5.4%	49,192	5.1%
40% to 49%	53,951	7.9%	47,279	7.0%	66,939	6.9%
50% to 59%	40,912	6.0%	36,371	5.4%	46,767	4.8%
60% to 69%	30,628	4.5%	27,252	4.0%	36,189	3.7%
70% to 79%	112,762	16.6%	153,772	22.6%	32,787	3.4%
80% or More	Β	Β	Β	Β	145,282	15.0%
Not Computed	32,188	--	14,813	--	47,169	--
Not Reported	265,995	--	320,339	--	0	--
Median	28.2%	--	30.7%	--	27.6%	--
Mean	47.8%	--	\$	--	38.8%	--

§ Mean averages are not available for all rent-stabilized tenants in the unimputed data.

Δ The highest household income category used by Census in the 1993 HVS was \$1,500 or more.

Β The highest contract rent-to-income ratio category used by Census in the 1993 and in the unimputed 1996 HVS is 70% or more.

Source: 1993 and 1996 New York City Housing and Vacancy Survey, U.S. Bureau of the Census.

F.6 Housing and Vacancy Survey Data, Renter-Occupied Apartments, 1993 and 1996

	1993 Unimputed	1996 Unimputed	1996 Imputed
All Renter Apartments			
Household Income	\$19,005	\$20,000	\$23,600
Contract Rent	\$501	\$593	\$600
Contract Rent-to-Income ratio	28.2%	30.0%	27.7%
All Rent-Stabilized Apartments			
Household Income	\$20,160	\$21,600	\$25,300
Contract Rent	\$525	\$600	\$600
Contract Rent-to-Income ratio	28.2%	30.7%	27.6%
Rent-Stabilized Apartments Built Before 1947			
Household Income	\$19,288	\$20,000	\$24,000
Contract Rent	\$500	\$572	\$572
Contract Rent-to-Income ratio	28.8%	32.1%	28.2%
Rent-Stabilized Apartments Built After 1946			
Household Income	\$24,700	\$30,000	\$30,500
Contract Rent	\$590	\$650	\$650
Contract Rent-to-Income ratio	27.1%	28.4%	26.4%

Note: All numbers are medians.

Source: 1993 and 1996 New York City Housing and Vacancy Survey, U.S. Bureau of the Census.

F.7 Consumer Price Index for All Urban Consumers, New York-Northeast New Jersey, 1988-97

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
March	121.5	128.9	136.6	143.4	149.1	154.1	157.9	160.9	166.5	170.7
June	123.1	130.5	137.1	144.6	149.5	154.2	157.8	162.2	166.5	170.3
September	126.0	132.2	140.8	145.8	151.4	155.3	159.0	163.2	168.2	
December	126.0	133.3	141.6	146.6	151.9	155.6	159.9	163.7	168.5	
Quarterly Average	124.2	131.2	139.0	145.1	150.5	154.8	158.4	162.5	167.4	
Yearly Average	123.7	130.6	138.5	144.8	150.0	154.5	158.2	162.2	166.9	

12-month percentage change in the CPI

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
March	4.9%	6.1%	6.0%	5.0%	4.0%	3.4%	2.5%	1.9%	3.5%	2.5%
June	4.5%	6.0%	5.1%	5.5%	3.4%	3.1%	2.3%	2.8%	2.7%	2.3%
September	5.2%	4.9%	6.5%	3.6%	3.8%	2.6%	2.4%	2.6%	3.1%	
December	4.5%	5.8%	6.2%	3.5%	3.6%	2.4%	2.8%	3.0%	2.9%	
Quarterly Average	4.8%	5.7%	5.9%	4.4%	3.7%	2.9%	2.3%	2.6%	3.0%	
Yearly Average	4.8%	5.6%	6.0%	4.5%	3.6%	3.0%	2.4%	2.5%	2.9%	

Source: U.S. Bureau of Labor Statistics.

F.8 Housing Court Actions, 1983-96

<u>Year</u>	<u>Filings</u>	<u>Intakes</u>	<u>Evictions & Possessions</u>
1983	373,000	93,000	26,665
1984	343,000	85,000	23,058
1985	335,000	82,000	20,283
1986	312,000	81,000	23,318
1987	301,000	77,000	25,761
1988	299,000	92,000	24,230
1989	299,000	99,000	25,188
1990	297,000	101,000	23,578
1991	302,000	114,000	20,432
1992	289,000	122,000	22,098
1993	295,000	124,000	21,937
1994	294,000	123,000	23,970
1995	266,000	112,000	22,806
1996	275,000	113,000	24,370

Note: "Filings" reflect non-payment proceedings initiated by rental property owners, while "Intakes" reflect those non-payment proceedings noticed for trial.

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

Appendix G: Housing Supply Report

G.1 New Dwelling Units Completed in New York City, 1960-95

<u>Year</u>	<u>Bronx</u>	<u>Brooklyn</u>	<u>Manhattan</u>	<u>Queens</u>	<u>Staten Island</u>	<u>Total</u>
1960	4,970	9,860	5,018	14,108	1,292	35,248
1961	4,424	8,380	10,539	10,632	1,152	35,127
1962	6,458	10,595	12,094	15,480	2,677	47,304
1963	8,780	12,264	19,398	17,166	2,423	60,031
1964	9,503	13,555	15,833	10,846	2,182	51,919
1965	6,247	10,084	14,699	16,103	2,319	49,452
1966	7,174	6,926	8,854	6,935	2,242	32,131
1967	4,038	3,195	7,108	5,626	3,069	23,036
1968	3,138	4,158	2,707	4,209	3,030	17,242
1969	1,313	2,371	6,570	3,447	3,768	17,469
1970	1,652	1,695	3,155	4,230	3,602	14,334
1971	7,169	2,102	4,708	2,576	2,909	19,464
1972	11,923	2,593	1,931	3,021	3,199	22,667
1973	6,294	4,340	2,918	3,415	3,969	20,936
1974	3,380	4,379	6,418	3,406	2,756	20,339
1975	4,469	3,084	9,171	2,146	2,524	21,394
1976	1,373	10,782	6,760	3,364	1,638	23,917
1977	721	3,621	2,547	1,350	1,984	10,223
1978	464	345	3,845	697	1,717	7,068
1979	405	1,566	4,060	1,042	2,642	9,715
1980	1,709	708	3,306	783	2,380	8,886
1981	396	454	4,416	1,152	2,316	8,734
1982	997	332	1,812	2,451	1,657	7,249
1983	757	1,526	2,558	2,926	1,254	9,021
1984	242	1,975	3,500	2,291	2,277	10,285
1985	557	446	754	1,871	1,939	5,567
1986	968	2,398	4,266	1,776	2,718	12,126
1987	1,177	1,735	4,057	2,347	3,301	12,617
1988	1,248	1,631	5,548	2,100	2,693	13,220
1989	847	2,098	5,979	3,560	2,201	14,685
1990	872	929	6,376	2,340	1,384	11,901
1991	656	764	2,595	1,996	1,627	7,638
1992	802	1,337	2,720	1,905	1,136	7,900
1993	886	616	1,222	1,320	1,466	5,510
1994	891	1,035	1,465	2,001	1,572	6,964
1995	1,166	1,647	2,164	1,183	1,268	7,428

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

G.2 Permits Issued For Housing Units in New York City, 1960-97

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Total
1960	--	--	--	--	--	46,792
1961	--	--	--	--	--	70,606
1962	--	--	--	--	--	70,686
1963	--	--	--	--	--	49,898
1964	--	--	--	--	--	20,594
1965	--	--	--	--	--	25,715
1966	--	--	--	--	--	23,142
1967	--	--	--	--	--	22,174
1968	--	--	--	--	--	22,062
1969	--	--	--	--	--	17,031
1970	--	--	--	--	--	22,365
1971	--	--	--	--	--	32,254
1972	--	--	--	--	--	36,061
1973	--	--	--	--	--	22,417
1974	--	--	--	--	--	15,743
1975	--	--	--	--	--	3,810
1976	--	--	--	--	--	5,435
1977	--	--	--	--	--	7,639
1978	--	--	--	--	--	11,096
1979	--	--	--	--	--	14,524
1980	--	--	--	--	--	7,800
1981	--	--	--	--	--	11,060
1982	--	--	--	--	--	7,649
1983	--	--	--	--	--	11,795
1984	--	--	--	--	--	11,566
1985	1,263	1,068	12,079	2,211	3,711	20,332
1986	920	1,278	1,622	2,180	3,782	9,782
1987	931	1,650	3,811	3,182	4,190	13,764
1988	967	1,629	2,460	2,506	2,335	9,897
1989	1,643	1,775	2,986	2,339	2,803	11,546
1990	1,182	1,634	2,398	704	940	6,858
1991	1,093	1,024	756	602	1,224	4,699
1992	1,257	646	373	351	1,255	3,882
1993	1,293	1,015	1,150	530	1,185	5,173
1994	846	911 [†]	428	560	1,265	4,010
1995	853	943	1,129	738	1,472	5,135
1996	885	942	3,369	1,301	2,155	8,652
1997 ^π	429 (417)	665 (565)	2,071 (517)	370 (900)	717 (1,132)	4,252 (3,531)

π First half of 1997. The number of permits issued in the first half of 1996 is in parentheses.

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

G.3 Number of Residential Cooperative and Condominium Plans Accepted for Filing By the Attorney General's Office, 1994-96

	1994	1995	1996
Private Plans	<u>Plans (Units)</u>	<u>Plans (Units)</u>	<u>Plans (Units)</u>
New Construction	13 (383)	17 (614)	NA
Rehabilitation	8 (111)	19 (428)	NA
Conversion (Non-Eviction)	10 (176)	9 (201)	NA
Conversion (Eviction)	1 (88)	1 (321)	NA
Total	32 (758)	46 (1,564)	33 (750-1,000)^β
HPD Sponsored Plans	<u>Plans (Units)</u>	<u>Plans (Units)</u>	<u>Plans (Units)</u>
New Construction	1 (10)	0 (0)	NA
Rehabilitation	37 (696)	37 (830)	NA
Conversion (Non-Eviction)	0 (0)	0 (0)	NA
Conversion (Eviction)	10 (195)	4 (105)	NA
Total	48 (901)	41 (935)	NA

Note: Figures exclude "Homeowner" and "Commercial" plans/units. The "Rehabilitation" category was not included in previous years.

NA: The Attorney General's Office does not have this data available at present due to a change in reporting systems.

β Number of units is estimated from the average building size of coop/condo plans submitted in prior years.

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

G.4 Number of Units in Cooperative and Condominium Plans Accepted for Filing By the New York State Attorney General's Office, 1981-1996

Year	New Construction	Conversion Eviction	Conversion Non-Eviction	Total New Construction & Conversion	Units in HPD Sponsored Plans
1981	6,926	13,134	4,360	24,420	925
1982	6,096	26,469	16,439	49,004	1,948
1983	4,865	18,009	19,678	42,552	906
1984	4,663	7,432	25,873	37,968	519
1985	9,391	2,276	30,277	41,944	935
1986	11,684	687	39,874	52,245	195
1987	8,460	1,064	35,574	45,098	1,175
1988	9,899	1,006	32,283	43,188	1,159
1989	6,153	137	25,459	31,749	945
1990	4,203	364	14,640	19,207	1,175
1991	1,111	173	1,757	3,041	2,459
1992	793	0	566	1,359	1,674
1993	775	41	134	950	455
1994	393	283	176	852	901
1995	614	426	201	1,241	935
1996	NA	NA	NA	750-1,000 ^β	NA

Note: HPD Plans are a subset of all plans and include rehabilitation plans; the total column does not contain rehabilitation plans explaining why HPD plans are higher than the total in some years.

NA: The Attorney General's Office does not have this data available at present due to a change in reporting systems.

β Number of units is estimated from the average building size of coop/condo plans submitted in prior years.

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

G.5 Tax Incentive Programs

Buildings Receiving Preliminary Certificates for 421-a Exemptions, 1994-96

	1994		1995		1996	
	Prelim. Certificates	Prelim. Units	Prelim. Certificates	Prelim. Units	Prelim. Certificates	Prelim. Units
Bronx	10	235	7	136	NA	15
Brooklyn	31	139	37	400	NA	205
Manhattan	3	114	5	1,441	NA	684
Queens	11	131	19	261	NA	168
Staten Island	1	8	1	46	NA	13
Total	56	627	69	2,284	56	1,085

Buildings Receiving J-51 Tax Abatements and Exemptions, 1994-96

	1994			1995			1996		
	Buildings	Units	Certified Cost (\$1,000s)	Buildings	Units	Certified Cost (\$1,000s)	Buildings	Units	Certified Cost (\$1,000s)
Bronx	305	13,413	\$52,690	235	12,201	\$23,400	360	13,786	\$53,300
Brooklyn	446	16,275	\$23,560	393	18,801	\$27,682	320	15,478	\$21,504
Manhattan	367	16,340	\$39,311	422	24,167	\$34,536	493	23,364	\$28,118
Queens	307	14,569	\$9,199	453	21,848	\$13,265	409	17,282	\$10,230
Staten Island	10	277	\$290	1	55	\$121	7	521	\$387
Total	1,435	60,874	\$125,050	1,504	77,072	\$99,004	1,589	70,431	\$113,542

NA: HPD does not have this information at this time.

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

G.6 Tax Incentive Programs - Units Receiving Initial Benefits, 1981-1996

Year	421-a	J-51
1981	3,505	--
1982	3,620	--
1983	2,088	--
1984	5,820	--
1985	5,478	--
1986	8,569	--
1987	8,286	--
1988	10,079	109,367
1989	5,342	64,392
1990	980	113,009
1991	3,323	115,031
1992	2,650	143,593
1993	914	122,000
1994	627	60,874
1995	2,284	77,072
1996	1,085	70,431

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

G.7 City-Owned Properties, 1985-1997

Year	Central Management				Alternative Management		Vestings		Buildings Sold
	Occupied Units	Occupied Buildings	Vacant Units	Vacant Buildings	Units	Buildings	Units	Buildings	Buildings
1985	38,561	4,102	56,474	5,732	12,825	542	--	--	531
1986	39,632	4,033	55,782	5,662	13,375	583	--	--	275
1987	38,201	4,042	48,987	4,638	13,723	587	--	--	621
1988	37,355	3,628	37,734	3,972	14,494	624	--	--	58 +
1989	32,377	3,359	45,724	3,542	17,621	780	--	--	72
1990	33,851	3,303	37,951	3,110	14,800	705	3,323	292	112
1991	32,783	3,234	30,534	2,796	12,695	615	2,288	273	140
1992	32,801	3,206	22,854	2,368	--	--	1,462	197	--
1993	32,078	3,098	17,265	2,085	9,237	470	2,455	211	162
1994	30,358	2,992	13,675	1,763	8,606	436	715	69	81
1995	27,922	2,885	11,190	1,521	7,903	433	240	17	170
1996	24,503	2,684	9,971	1,349	6,915	393	49	2	386
1997 ^B	22,528	2,516	8,782	1,163	5,346	313	0	0	315

Note: HPD could not confirm vestings data prior to FY 1990.
 B Plan for FY 1997, excluding data in vestings columns.

Source: New York City Office of Operations, Preliminary Fiscal 1997 Mayor's Management Report; New York City Department of Housing Preservation and Development.

G.8 Residential Demolitions in New York City, 1985-1996

Dwelling Units Demolished

Year	Bronx		Brooklyn		Manhattan		Queens		Staten Island		Total	
	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total
1985	1,176	1,329	59	189	549	587	20	169	7	51	1,811	2,325
1986	685	804	137	462	209	271	27	337	30	132	1,088	2,006
1987	249	318	17	193	291	325	14	356	60	150	631	1,342
1988	41	91	18	265	256	317	10	363	0	175	325	1,211
1989	137	222	77	307	290	353	21	317	0	112	525	1,311
1990	23	60	28	220	312	334	25	172	0	71	388	857
1991	86	130	132	264	121	131	6	88	0	34	345	647
1992	103	185	40	132	80	83	5	57	0	40	228	497
1993	0	35	34	145	0	3	18	76	0	5	52	264
1994	75	90	28	139	80	80	10	57	0	9	193	375
1995	12	43	0	102	0	0	10	52	0	23	22	220

Buildings Demolished

Year	Bronx		Brooklyn		Manhattan		Queens		Staten Island		Total	
	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total
1985	81	157	3	101	59	73	3	133	1	31	147	495
1986	48	96	14	197	19	38	3	273	4	67	88	671
1987	14	55	2	130	22	33	1	273	6	83	45	574
1988	3	34	2	169	25	44	2	269	0	160	32	676
1989	6	48	8	160	20	38	3	219	0	109	37	574
1990	4	29	3	133	20	28	5	119	0	71	32	380
1991	10	33	15	95	9	14	1	68	0	32	35	242
1992	12	51	6	63	2	5	1	41	0	33	21	193
1993	0	17	4	94	0	1	3	51	0	5	7	168
1994	3	14	4	83	5	5	2	42	0	8	14	152
1995	2	18	0	81	0	0	2	37	0	17	4	153
1996	--	30	--	123	--	25	--	118	--	84	--	380

Note: The Census Bureau discontinued collecting demolition statistics in December, 1995; the New York City Department of Buildings supplied the total number of buildings demolished in 1996. Reporting methods may not be comparable.

Source: U.S. Bureau of the Census, Manufacturing and Construction Division, Building Permits Branch, 1996 data from the NYC Dept. of Buildings.

Index

A

Adjustable-rate mortgages, 23, 53, 57
Administrative costs, 19-20, 26-27, 31-34, 45-46
Affordability, 21, 60, 62-66
Aid to Families with Dependent Children (AFDC), 66-67
Alternative Management, 76
Audit-adjusted expenses, 37, 42-43, 48
Average rent, 37, 39-43, 45

B

Billable assessments, 28-29, 33
Bronx, 29, 40-41, 44-45, 48-50, 63, 71
Brooklyn, 29, 36, 39-42, 44-45, 48-50, 63, 71, 73
Brooklyn Union Gas, 36

C

Case intakes, aka “cases reaching trial”, 65-66
Central Management Program, 76
City-owned properties, 76
 see also *In rem properties*
Class Four properties, 28
 see also *Real estate taxes*
Class Two properties, 19, 28-29, 33
 see also *Real estate taxes*
Commensurate rent adjustment, 26, 36-37
 net revenue rent adjustment, 37
 see also *Net operating income*
Commercial banks, 51
Commercial income, 41, 48
Commercial properties, 19, 28, 33, 39, 42, 70
 conversion to residential properties, 73-74
 Commercial Revitalization Program, 73
Commercial rents, 45
Commercial space, 41-42, 73
Community development, 73-74
Community districts
 changes in average rents, 45-46, 48-49
Consolidated Edison, 36
Construction sector employment, 61
Consumer Price Index, 26, 37, 60
 comparison with PIOC, 26
Contract rent, 21, 23, 40, 60, 62-64, 68

Contract rent-to-income ratio, 60, 62, 64, 68
 see also *Rent-to-income ratio*
Contractor Services, 19, 27, 30, 32-34
Conversion of properties, 71, 73-75, 78
Cooperatives/condominiums, 38
 conversions, 54, 70, 74-75, 78
 eviction conversions, 74
 new construction, 70, 72, 74-75
 non-eviction conversions, 74
 rehabilitation, 76
Cost ratios, 42, 47
 see also *O&M-to-income ratio*

D

Debt service coverage ratio, 54, 58
Demolition of properties, 77
Discount rate, 52; see also *Interest rates*
Disposition of City-owned properties, 76
Distressed buildings, 76-77

E

Early Warning System, 77
Employment level, 21, 60-62, 65-67
Evictions, 65, 68, 74-75; see also *Possessions*

F

Federal Deposit Insurance Corporation, 51
Federal funds rate, 52; see also *Interest rates*
Federal Reserve, 17, 48, 52
Finance, Insurance and Real Estate (FIRE) sector
 employment, 61 (financial industry)
Fixed-rate mortgages, 23, 53, 57
421-a tax exemptions, 70, 72-74
Freddie Mac, 23, 55
Fuel Adjustment Charges (FAC's), 36
Fuel costs, 22, 26-27, 30, 32-35, 44, 46-47, 50
Fuel expenses, 62
Fuel price, 27, 30, 33, 36

G

Government sector employment, 60-61
Gross City Product, 60

Gross income, 41, 44, 48, 53, 56
 Gross rent-to-income ratio, 41, 44
 see also *Rent-to-income ratio*

H

Home Relief, 66-68
 Household income, 60, 62-64
 Housing court actions, 60, 65-66
 Housing market, 38, 43, 47
 Housing subsidies, 67

I

In rem properties, 76
 Inflation, 17-20, 22, 26, 36-38, 43, 48, 61-62, 67, 70
 Insurance costs, 27, 32-33, 35
 Interest rates, 17, 23, 37, 48, 50-53, 55, 57-58, 70

J

J-51 real estate tax benefits, 70, 74, 76

L

Labor costs, 17, 19, 27, 29, 33-34, 44, 46, 50
 Labor force participation, 61
 Labor market, 18-19, 61
 Labor unions, 19, 27, 29, 34
 Lead based paint, 32
 Loan-to-value ratio, 51, 53, 55-58
 definition, 53
 Lofts, 73
 PIOC, 32-33

M

Major Capital Improvement, 20-21, 23, 75
 applications, 21
 Manhattan, 29, 33, 40-42, 44-46, 48-50, 71-74
 below 96th Street, 45
 lower, 74, 78
 Manufacturing sector employment, 61
 Miscellaneous costs, 42, 44-46, 50
 Mitchell Lama housing, 71
 Moderate rehabilitation, 75
 Mortgage default, 54
 Mortgage delinquency, 23, 54-55
 Mortgage financing (new originations), 52-53
 Mortgage foreclosure, 54-55, 58

Mortgage interest rates, 52
 Mortgage refinancing, 52-53

N

Neighborhood Entrepreneurs Program, 76
 Neighborhood Redevelopment Program, 76
 Net operating income (NOI), 17, 22-23, 26, 36-38,
 42-50, 53, 78
 commensurate rent adjustment, 26, 36-37
 New housing construction, 20-21, 70-73, 75
 see also *certificates of occupancy; coop/condo,*
 new construction; permits for new housing
 New York City Civil Court, 65-66
 Non-payment cases, 65-66
 Non-performing loans, 51, 53-55, 58

O

O&M-to-income ratio, 55-56
 OPEC, 34
 Operating and maintenance costs (O&M), 17-19, 26,
 36-37, 41-42, 48, 56
 Owner-occupied housing, 70, 74

P

Parts and Supplies costs, 32, 36
 Permits for new housing, 21, 70-72, 74
 Petition filings, 65
 Possessions, 65, 68; see also *Evictions*
 Post-war buildings, 21-22, 40-45, 47-50, 62-63, 73
 Pre-war buildings, 21-22, 40-42, 44-47, 49-50, 62-63
 Preferential rent, 21-22, 40, 43
 Price Index of Operating Costs (PIOC), 18, 26-38, 47
 comparison with income and expenses, 46-47
 core PIOC, 26, 33-34
 projections, 32-36
 Private sector employment, 60, 66
 Profitability of rental housing, 17, 19, 22, 37-38,
 42-43, 50
 Property taxes, see *Real Estate Taxes*

Q

Queens, 29, 40-41, 44-45, 48-50, 71, 73, 78

R

Real estate tax abatements, 27-29, 74, 76

Real estate tax arrears, 21
Real estate tax assessment, 18-19, 33, 74
Real estate tax exemptions, 27-29, 70, 72-76
Real estate tax foreclosure, 76
 see also *In rem properties*
Real estate tax liens, 70, 77
Real estate taxes, 17-22, 26-29, 32-33, 37, 41-47,
 50, 72
Registered rents, 20-23, 41, 45
Rehabilitation, 70, 74-77
Rent control, 71
Rent-to-income ratio, 60, 63-64, 68
Renter-occupied housing, 60, 70, 74
Replacement costs, 27, 32-33, 36
Resolution Trust Corporation, 23, 55
Rooming houses, 32, 73

S

Savings and loan crisis, 21, 55
Savings and loan institutions, 51
Savings banks, 51
Secondary mortgage market, 17, 55
Section 8 certificates and vouchers, 39, 49, 67, 71, 78
Service sector employment, 61
Single room occupancy hotels (SRO), 32
Social Security, 27, 29
Staten Island, 71
Subdivision of properties, 73
Substantial rehabilitation, 70, 75

T

Temporary Assistance to Needy Families
 (TANF), 67-68
Tenant Interim Lease program, 76
Trade employment sector, 61
Transportation employment sector, 61
Tax exempt bonds/financing, 73
Tax foreclosure, 76
Tax incentive programs, 72
 see also *421-a* and *J-51*
Tax lien sale, 77

U

U.S. Bureau of Labor Statistics, 26
U.S. Bureau of the Census, 60-61, 64, 68, 70-71

U.S. Department of Housing and Urban
 Development, 49, 67, 71, 77-78
 Budget Level, 77-78
Unemployment, 21, 27, 29, 43, 38, 46, 60-63, 66
Unemployment insurance, 27, 29
Unemployment rate, 21, 43, 60-63, 66
Unregulated housing, 38-39, 44, 50
Utility, 23, 27, 29, 32-36, 45-46, 62
 Costs, 27, 29, 33, 35-36

V

Vacancy and collection losses, 17, 21-23, 40, 45,
 55-56, 58
Vacancy rate, 20, 56, 61, 70-71, 74
Vacant apartment improvements, 20-21, 23
Vacant apartments, 21, 55, 70
Vacant *in rem* properties, 76-77
Vestings, 76-77

W

Wage rate, 18-19, 29, 32-34, 36, 60
Wages/salaries, 29, 34, 60-64
Water/sewer costs, 19-20, 22, 26, 29-36
Welfare subsidies, 67-68

Z

Zoning regulations, 74