

# **EXPLANATORY STATEMENT - APARTMENT ORDER #40**

## **Explanatory Statement and Findings of the Rent Guidelines Board In Relation to 2008-09 Lease Increase Allowances for Apartments and Lofts under the Jurisdiction of the Rent Stabilization Law<sup>1</sup>**

### **Summary of Order No. 40**

The Rent Guidelines Board (RGB) by Order No. 40 has set the following maximum rent increases for leases subject to renewal on or after October 1, 2008 and on or before September 30, 2009 for **apartments** under its jurisdiction:

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

For a **one**-year renewal lease commencing on or after October 1, 2008 and on or before September 30, 2009: **4.5%**

For a **two**-year renewal lease commencing on or after October 1, 2008 and on or before September 30, 2009: **8.5%**

Provided, however, that where the most recent vacancy lease was executed **six** years or more prior to the date of the renewal lease under this Order, the following shall instead apply:

For a **one**-year renewal lease commencing on or after October 1, 2008 and on or before September 30, 2009: **4.5% or \$45, whichever is greater.**

For a **two**-year renewal lease commencing on or after October 1, 2008 and on or before September 30, 2009: **8.5% or \$85, whichever is greater.**

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

For a **one**-year renewal lease commencing on or after October 1, 2008 and on or before September 30, 2009: **4.0%**

For a **two**-year renewal lease commencing on or after October 1, 2008 and on or before September 30, 2009: **8.0%**

Provided, however, that where the most recent vacancy lease was executed **six** years or more prior to the date of the renewal lease under this Order, the following shall instead apply:

For a **one**-year renewal lease commencing on or after October 1, 2008 and on or before September 30, 2009: **4.0% or \$40, whichever is greater.**

For a **two**-year renewal lease commencing on or after October 1, 2008 and on or before September 30, 2009: **8.0% or \$80, whichever is greater.**

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

**VACANCY ALLOWANCE**

The vacancy allowance is now determined by a formula set forth in the State Rent Regulation Reform Act of 1997 and in Chapter 82 of the Laws of 2003, not by the Orders of the Rent Guidelines Board.

**SUBLET ALLOWANCE**

The increase landlords are allowed to charge when a rent stabilized apartment is sublet by the primary tenant to another tenant on or after October 1, 2008 and on or before September 30, 2009 shall be **10%**.

**ADJUSTMENTS FOR LOFTS**

For **Loft units** to which these guidelines are applicable in accordance with Article 7-C of the Multiple Dwelling Law, the Board established the following maximum rent increases for increase periods commencing on or after October 1, 2008 and on or before September 30, 2009. No vacancy allowance or low rent allowance is included for lofts.

<u>1 Year</u>	<u>2 Years</u>
<b>3.5%</b>	<b>6.5%</b>

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

Any increase for a renewal lease may be collected no more than once during the guideline period governed by Order No. 40.

**SPECIAL GUIDELINES**

Leases for units subject to rent control on September 30, 2008 that subsequently become vacant and then enter the stabilization system are not subject to the above adjustments. Such newly stabilized rents are subject to review by the State Division of Housing and Community Renewal (DHCR). In order to aid DHCR in this review the Rent Guidelines Board has set a special guideline of whichever is greater:

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

Such HUD-determined Fair Market Rents will be published in the Federal Register, to take effect on October 1, 2008.

All rent adjustments lawfully implemented and maintained under previous apartment Orders and included in the base rent in effect on September 30, 2008 shall continue to be included in the base rent for the purpose of computing subsequent rents adjusted pursuant to this Order.

**THE FOLLOWING OUTLINES EXAMPLES OF HOW THE GUIDELINE ADJUSTMENTS WOULD BE CALCULATED UNDER DIFFERENT LENGTHS OF TENANCIES:**

**Example 1:** A tenant signed a vacancy lease on October 1, 2002. As of September 30, 2008, he is paying \$650 per month. He decides to sign a one-year lease renewal commencing on October 1, 2008. The adjustment in his rent is 4.5% or \$45, whichever is greater. (Since he has lived in the apartment for six years, his lease renewal is subject to the \$45 minimum increase for tenants in place for six or more years.) A 4.5% increase in rent of \$650 is \$29.25, which is less than \$45. Therefore, his rent increases the full \$45, to \$695.

**Example 2:** A tenant signed a vacancy lease on August 1, 1998. As of July 31, 2009, she is paying \$1,250 per month. She decides to sign a one-year lease renewal commencing on August 1, 2009. The adjustment in her rent is 4.5% or \$45, whichever is greater. (Since she has lived in the apartment for eleven years, her lease renewal is subject to the \$45 minimum increase for tenants in place for six or more years.) However, a 4.5% increase in rent of \$1250 is \$56.25, which is greater than \$45. Therefore, her rent increases \$56.25, to \$1,306.25.

**Example 3:** A tenant signed a vacancy lease on January 1, 2004. As of December 31, 2008, he is paying \$550 per month. He decides to sign a one-year lease renewal commencing on January 1, 2009. The adjustment in his rent is 4.5%. (Since he has lived in the apartment for only five years, his lease renewal is not subject to the \$45 minimum increase for tenants in place for six or more years.) Therefore, his rent increases \$24.75, to \$574.75.

**Example 4:** A tenant signed a vacancy lease on March 1, 1996. On March 1, 2004, the tenant's son succeeded his mother in the apartment. As of February 28, 2009, he is paying \$775 per month. He decides to sign a two-year lease renewal commencing on March 1, 2009. The adjustment in his rent is 8.5% or \$85, whichever is greater. (Since a vacancy lease was last signed thirteen years earlier, the tenant is subject to the minimum \$85 increase.) An 8.5% increase in rent of \$775 is \$65.88, which is less than \$85. Therefore, his rent increases the full \$85, to \$860.

**Background of Order No. 40**

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

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

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

## **Material Considered by the Board**

Order No. 40 was issued by the Board following two public hearings, seven public meetings, its review of written submissions provided by the public, and a review of research and memoranda prepared by the Board's staff. A total of approximately 49 written submissions were received at the Board's offices from many individuals and organizations including public officials, owners and owner groups, and tenants and tenant groups. The Board members were provided with copies of public comments received by the **June 16, 2008** deadline. All of the above listed documents were available for public inspection.

Open meetings of the Board were held following public notice on March 25, April 15, April 29, May 2, and June 3, 2008. On **May 5, 2008**, the Board adopted proposed rent guidelines for apartments, lofts, and hotels.

Public hearings were held on **June 11, 2008** and **June 16, 2008** pursuant to Section 1043 of the New York City Charter and Section 26-510(h) of the New York City Administrative Code. Testimony on the proposed rent adjustments for rent-stabilized apartments and lofts was heard from 4 p.m. to 10:35 p.m. on June 11, 2008 and from 10 a.m. to 9:50 p.m. on June 16, 2008. Testimony from members of the public speaking at these hearings was added to the public record. The Board heard testimony from approximately 95 apartment tenants and tenant representatives, 69 apartment owners and owner representatives, and 10 public officials. In addition 6 speakers read into the record written testimony from various public officials. On **June 19, 2008** the guidelines set forth in Order No. 40 were adopted.

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

## **PRESENTATIONS BY RGB STAFF AND HOUSING EXPERTS INVITED BY MEMBERS OF THE BOARD**

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

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

*Meeting Date / Name*

*Affiliation*

**March 25, 2008:**

Staff presentation, *2008 Mortgage Survey*

Guest Speaker

1. Joseph Rosenberg

Deputy Commissioner, Intergovernmental Affairs, NYC Department of Housing Preservation and Development

**April 15, 2008:**

Staff presentations, *2008 Income and Affordability Study and the 2008 Income & Expense Study*

Guest Speaker

1. Martha Stark

Commissioner, NYC Department of Finance

**April 29, 2008:**

Staff presentation, *2008 Price Index of Operating Costs*

**May 2, 2008:**

Apartment Owners group testimony:

- |                         |  |
|-------------------------|--|
| 1. Jack Freund          | Executive Vice President - Rent Stabilization Association (RSA)    |
| 2. John Maniscalco      | New York Oil Heating Association                                   |
| 3. Christopher Athineos | Athineos Enterprises, Inc. and Small Property Owners of NY (SPONY) |
| 4. Pat Siconolfi        | Community Housing Improvement Program (CHIP)                       |
| 5. Frank Anelante       | Lemle & Wolff, Inc.  |
| 6. Michael Schmelzer    | Tryax Realty Mgmt.   |

Apartment Tenants group testimony:

- |                     |   |
|---------------------|---|
| 1. Tom Duane        | State Senator   |
| 2. Louise Seeley    | Executive Director, City-Wide Task Force on Housing Court             |
| 3. Tom Waters       | Housing Policy Analyst, Community Service Society                     |
| 4. David Hanzel     | Policy Director, Association for Neighborhood and Housing Development |
| 5. James Parrott    | Fiscal Policy Institute   |
| 6. Victor Bach      | Community Service Society   |
| 7. Ericka Stallings | New York Immigration Coalition  |
| 8. Robert McCreanor | Catholic Migration Office, Tenant Advocacy Program                    |

Hotel Tenants group testimony:

- |                        |   |
|------------------------|---|
| 1. Yarrow Willman-Cole | Tenant Organizer, West Side S.R.O. Law Project          |
| 2. Jonathan Burke      | MFY Legal Services                                      |
| 3. Larry Wood          | Community Organizer, Goddard Riverside Community Center |

**June 3, 2008:**

Staff presentations

*2008 Housing Supply Report*  
*Changes to the Rent Stabilized Housing Stock in NYC in 2007*

NYS Division of Housing and Community Renewal (DHCR) testimony

- |                       |   |
|-----------------------|---|
| 1. Leslie Torres      | Deputy Commissioner for Office of Rent Administration |
| 2. Michael Rosenblatt | Deputy General Counsel                                |
| 3. Gerald Garfinkle   | Bureau Chief  |
| 4. Greg Fewer         | Director of Policy                                    |

SELECTED EXCERPTS FROM ORAL AND WRITTEN TESTIMONY FROM OWNERS AND OWNER GROUPS<sup>2</sup>

Comments from owners and owner groups included:

“For the rent guidelines to be adequate, the RGB must recognize two basic principles. First, the guidelines must be within the range of commensurate adjustments calculated by RGB staff to produce the revenue needed to meet increased operating costs. This year, the range for a one-year lease falls between 4.75% and 7.5% while the two-year range falls between 8.1% and 13.25%. Second, a percentage increase applied to a low rent generates less revenue than the same percentage applied to a high rent. But it costs as much to heat a low-rent apartment as a high-rent apartment. This year, the RGB must provide a minimum rent increase of \$60 per apartment per month to generate the required revenue.”

“While building operating costs have been soaring at historically high rates, rent increases granted by the RGB have fallen far behind. In recent years, the one-year rent guideline increase has amounted to only half of the increase in building operating costs. Specifically, the average increase in the one-year guideline since 2000 has been 4% compared to an 8.2% annual increase in the PIOC. In other words, since 2000, building operating costs

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<sup>2</sup> Sources: Submissions by owner groups and testimony by owners

have increased by nearly 60% while property owners have, at best, collected increases of less than 30% based on the one-year rent guideline increase.”

“The PIOC does not measure the frequency of a repair. It just measures the increase of that cost. It is obvious that older buildings require much more maintenance than a newer building. There is no way an owner can maintain these buildings with the small percentage increases similar to those of the past few years. The Board needs to seriously consider passing a minimum rent increase of \$60 aside from the percentage increase, because 5% on a \$600 rent is still \$30 a month. This \$30 or \$360 a year doesn’t cover the replacement of just one bathroom faucet in that apartment. It doesn’t pay for the increased fuel or the skylight. Please do not let New York’s housing fall victim to a fate similar to that which the City faced in the 1970’s.”

“The stabilized market is not balanced due to the large amount of long term occupancies, low rent apartments. Because there are so many two and three bedrooms paying a little over \$600 a month is why you see the new vacancies starting at \$1300 and up. It is the new tenants who are somewhat helping the landlords carry the buildings...These are tough times for everyone but if small owners are driven out of business, there will be serious deterioration of community and affordable housing stock in NYC.”

“Despite what appears to be a clear case for substantially higher renewal guidelines increases this year, a number of RGB members have suggested that the need for such increases may be mitigated by other factors such as the availability of substantial rent increases upon vacancy. However, the economic deterioration of regulated housing since 2000 has occurred despite the availability of such increases. The economic data upon which the RGB relies, derived from income and expense filings by property owners, includes all sources of building income including increased income available from vacancies as well as commercial and non-rental income. Yet, this inclusive economic data demonstrates that income from sources other than rent guideline increases has not been sufficient to offset the negative effect of inadequate rent guideline increases.”

“In order to end the fine-tuning of guidelines to take into account irrelevant information, I suggest that each year the Board adopt rate increases consistent with its annual findings of operating cost changes over the prior year. Thus, for 2008-09 the rate increase for a one-year lease would be 7.8% and for a two-year lease 15.1%...I hope that the Board will re-examine its procedures in determining rent increases for the coming year with these suggestions in mind so that owners will receive rent stabilized rents that cover the actual costs of rent stabilized tenancies”

### SELECTED EXCERPTS FROM ORAL AND WRITTEN TESTIMONY FROM TENANTS AND TENANT GROUPS<sup>3</sup>

Comments from tenants and tenant groups included:

“In 2008, more than ever, we are concerned with the impact of Rent Guidelines Board increases on low-income New Yorkers. We are especially concerned with a landlord-backed proposal to impose a minimum rent increase of \$60 for one-year leases and \$80-100 on two-year leases. Rent stabilized tenants occupying apartments with rents affected by this proposal are disproportionately people of low-income already suffering from high rent-income burdens and declining residual income to pay for other necessities of life.”

“The Rent Guidelines Board needs to take a more nuanced approach to rent increases. The Board needs to recognize that there has been rapid deregulation in many neighborhoods...In a City where the supply of affordable, subsidized housing is shrinking, the Rent Guidelines Board needs to begin to seriously look at its role in preserving a diverse, mixed-income population. Our City needs to be able to house teachers, government workers, artists, nurses and home health attendants, not just investment bankers, doctors and lawyers.”

“As of the 2005 HVS, regulated rentals were still the primary housing resource of low-income New Yorkers. Nearly two-thirds of the city’s 1.1 million low-income families relied on the private, unsubsidized rental market for their homes. The largest portion (42%) lived in rent-regulated apartments. The Rent Guidelines Board has a critical role to play in assuring that New York City’s rent stabilized units continue to provide low-income

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<sup>3</sup> Sources: Submissions by tenant groups and testimony by tenants.

working families with decent, secure homes in which adults and children can lead productive lives in their communities. If rent increases continue to outpace income gains for working families—as they have in every district and submarket—and families face rising costs on virtually every front, that objective cannot be accomplished. We urge the RGB to keep its rent guidelines increases to a minimum.”

“The 2003-2007 recovery and expansion was extremely shallow in terms of the benefits to most New York City working families: hourly wages and median family incomes either failed to keep pace with inflation or rose only slightly in real, inflation-adjusted dollars. Housing costs in New York City are placing an enormous burden on working families. The current recession will exact a heavy economic toll over the next two years, shrinking the city’s job base, pushing up unemployment, and exacerbating the financial predicament facing many working families.”

“Neighborhoods around New York City have, in recent years, seen a dramatic rise in harassment of tenants as landlords try to remove working families so they can raise the rent. Mayor Bloomberg recently signed a landmark new anti-harassment law, Local Law 7, in part as a response to this problem. There is a direct connection between this increase in harassment and the rise of a new type of buyer of New York City real estate. These new buyers are raising money from Wall Street-type funds that create a pressure for profit levels that, in rent regulated buildings, can only be achieved by displacing tenants and undermining affordable rents...Market pressures are squeezing tenants across the city and new owners have based a business model on removing units from regulation. It is imperative that we protect the city’s stock of affordable housing. We urge you to consider these developments as you contemplate this year’s increases.”

“It is our belief that all New Yorkers should have the right to available, decent and affordable housing. New York City continues to suffer from the worst housing affordability crisis it has experienced since the Great Depression. The huge rent hikes of the last four years have created financial hardship for a lot of rent stabilized tenants. Since 2003, the RGB has abandoned the traditional 2% spread between the one-year and two-year lease renewal guidelines, in favor of a 3+% point spread. This year, if the RGB is not going to adopt a rent freeze, at a minimum it should adopt very low guidelines.”

#### SELECTED EXCERPTS FROM ORAL AND WRITTEN TESTIMONY FROM PUBLIC OFFICIALS<sup>4</sup>

Comments from public officials included:

“Owners of rent regulated buildings have done extremely well during the past decade—they have seen both their profits and the value of their properties rise exponentially, particularly those with properties in Manhattan. According to the RGB’s 2008 Income and Expense Study, owners’ Net Operating Income (the amount of income remaining after all operating and maintenance expenses have been paid) increased by 8.8% overall citywide, with Manhattan seeing an even greater increase of 9.5%. It also showed that from 2005 to 2006, the increases in owners income outpaced the increase in operating costs. One of the most important factors the RGB must consider is whether owners of regulated properties have the necessary income to maintain their buildings. The overall condition of the city’s rent regulated housing stock is healthy and continues to improve; the RGB’s 2008 Income and Expense Study reveals that only 10.7% of all properties are distressed, down from 14% in 1990.”

“Most of the loss of the city’s affordable housing units is a direct result of unfair annual rent increases by the Rent Guidelines Board, and the Board’s compliant approach to undocumented hardship claims by landlords. The Board’s policy of relentless increases, and its goal of using the ‘cost of living’ justification to foster rapid decontrol, is inflicting a terrible and unjust toll on the city’s lower and middle class tenants. What does it say about the Board that it cannot take into account that its policies are forcing tens of thousands of citizens from their homes because of increasing rents? By contrast, no landlords, whom the Board invariably supports, are known to have lost their homes to a rent increase, and landlords, by the Board’s own determination, have increased their operating income in 2006 by 8.8%. Meanwhile, according to the 2004 data, 43% of renters citywide are paying 50% or more of their income for rent, and these percentages have increased.”

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<sup>4</sup> Sources: Submissions by public officials.

“Over the many years that I have testified before this board, it has never frozen rents, even in years’ following double-digit rent increases. Instead, year after year, this board—despite the wisdom and pleading of its tenant members and the hundreds of rent stabilized residents who testify before it—consistently takes action to increase rents. I ask you to defy history today by taking note of the state of our economy, understanding what the financial burden of yet another rent increase would mean for New York City’s residents, and freezing rent stabilized rents.”

“Renters in this city are struggling. In 2004, 43 percent of renters citywide paid 50 percent or more of their income in rent. In fact, renters are experiencing cost of living increases across the board—not only for gas, but also for food, transportation and household products. At the same time, landlords net operating incomes have increased by 8.8 percent from 2005 to 2006.”

“Affordable housing is a critical component of the city’s economic mix and rent stabilized apartments are probably the largest part of our affordable housing stock. Because of a confluence of factors, affordable housing is disappearing at an alarming rate...Until this broken system is fixed, I urge that the Board vote no to any increase.”

“Low and moderate income tenants suffer from very high rent burdens. In 2004 (latest data available), 43% of renters citywide paid 50% or more of their income in rent. The bottom third of the city’s regulated renters now have a median rent burden of 45%. Landlord’s incomes have increased. The 2008 Income and Expense Study done by the RGB shows that from 2005 to 2006, increases in income outpaced increases in operating costs. Landlords saw income increase from rent of 5.6%; increases in operating costs were 4.1% and net operating income increased by 8.8%. The loss of NYC’s affordable housing is, in large part, caused by rent increases approved by the RGB. Between 1994 and 2007, over 71,000 units were lost from rent stabilization due to vacancy decontrol, and over 40,000 units were lost due to co-op/condo conversion. One-third of the city’s 120,917 subsidized apartments were lost between 1990 and 2006.”

## **FINDINGS OF THE RENT GUIDELINES BOARD**

### **RENT GUIDELINES BOARD RESEARCH**

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

- (1) *2008 Mortgage Survey Report*, March 2008, (An evaluation of recent underwriting practices, financial availability and terms, and lending criteria);
- (2) *2008 Income and Expense Study*, April 2008, (Based on income and expense data provided by the Finance Department, the *Income and Expense Study* measures rents, operating costs and net operating income in rent stabilized buildings);
- (3) *2008 Tenant Income and Affordability Study*, April 2008, (Includes employment trends, housing court actions, changes in eligibility requirements and public benefit levels in New York City);
- (4) *2008 Price Index of Operating Costs for Rent Stabilized Apartment Houses in New York City*, April 2008, (Measures the price change for a market basket of goods and services which are used in the operation and maintenance of stabilized buildings);
- (5) *2008 Housing Supply Report*, June 2008, (Includes new housing construction measured by certificates of occupancy in new buildings and units authorized by new building permits, tax abatement and exemption programs, and cooperative and condominium conversion and construction activities in New York City); and,

- (6) *Changes to the Rent Stabilized Housing Stock in NYC in 2007, June 2008*, (A report quantifying all the events that lead to additions to and subtractions from the rent stabilized housing stock).

The six reports listed above may be found in their entirety on the RGB's website, [www.housingnyc.com](http://www.housingnyc.com), and are also available at the RGB offices, 51 Chambers St., Suite 202, New York, NY upon request.

**2008 PRICE INDEX OF OPERATING COSTS  
FOR RENT STABILIZED APARTMENT HOUSES IN NEW YORK CITY**

The *2008 Price Index of Operating Costs For Rent Stabilized Apartment Houses in New York City* found a 7.8% increase in costs for the period between April 2007 and April 2008.

This year, the PIOC for rent stabilized apartment buildings increased by 7.8%, 2.7 percentage points above the PIOC percentage change from the year before (5.1% in 2007). The PIOC was driven upward by increases in fuel (37.4%) and utility (8.9%) costs. These increases were offset by a slight rise in real estate taxes of 0.3%. More moderate increases were seen in administrative costs (5.3%), labor and replacement costs (both 4.0%), and contractor services (4.6%). Insurance costs and parts and supplies witnessed lower increases, both rising by 2.3%. See Table 1 for changes in costs and prices for all rent stabilized apartment buildings from 2007-08.

The "core" PIOC, which excludes erratic changes in fuel oil, natural gas and electricity costs, is useful for analyzing long-term inflationary trends. The core PIOC rose by 3.4% this year, which was more than the growth in the Consumer Price Index (CPI) of 2.9%.

**Table 1**

<b>2007-08 Percentage Changes in Components of the Price Index of Operating Costs for Rent Stabilized Apartment Houses in New York City<sup>5</sup></b>			
Item	Expenditure Weights	2007-08 Percentage Δ	2007-08 Weighted Percentage Δ
Taxes	27.27%	0.32%	0.09%
Labor Costs	14.03%	3.98%	0.56
Fuel Costs	12.11%	37.35%	4.52
Utility Costs	15.18%	8.89%	1.35
Contractor Services	12.97%	4.62%	0.60
Administrative Costs	7.52%	5.26%	0.40
Insurance Costs	8.67%	2.33%	0.20
Parts & Supplies	1.59%	2.28%	0.04
Replacement Costs	0.66%	3.99%	0.03
<b>All Items</b>	<b>100.00</b>	<b>-</b>	<b>7.78</b>

Source: *2008 Price Index of Operating Costs for Rent Stabilized Apartment Houses in New York City*.

Note: The Δ symbol means change.

**LOCAL LAW 63/ INCOME & EXPENSE REVIEW**

The sample size for the Income and Expense (I&E) study includes over 12,600 properties containing over 571,000 units. This is the sixteenth year that staff has been able to obtain longitudinal data in addition to cross-sectional data. The RGB staff found the following average monthly (per unit) operating and maintenance (O&M) costs in 2007 Real Property Income and Expense (RPIE) statements for the year 2006:

<sup>5</sup> Totals may not add due to weighting and rounding.

**Table 2**

<b>2007 Income and Expense Study Average Monthly Operating and Maintenance Costs Per Unit<sup>6</sup></b>			
	<b>Pre '47</b>	<b>Post '46</b>	<b>All Stabilized</b>
<b>Total</b>	<b>\$666</b>	<b>\$763</b>	<b>\$695</b>

Source: 2008 Income and Expense Study, from 2007 Real Property Income and Expense filings for 2006, NYC Department of Finance.

In 1992, the Board benefited from the results of audits conducted on a stratified sample of 46 rent stabilized buildings by the Department of Finance. Audited income and expense (I&E) figures were compared to statements filed by owners. On average the audits showed an 8% over reporting of expenses. The categories, which accounted for nearly all of the expense over reporting, were maintenance, administration, and "miscellaneous." The largest over-reporting was in miscellaneous expenses.

If we assume that an audit of this year's I&E data would yield similar findings to the 1992 audit, one would expect the average O&M cost for stabilized buildings to be \$639, rather than \$695. As a result, the following relationship between operating costs and residential rental income was suggested by the Local Law 63 data:

**Table 2(a)**

<b>2006 Operating Cost to Rent/Income Ratio Adjusted to 1992 Audit</b>					
	<b>O&amp;M Costs<sup>7</sup></b>	<b>Rent</b>	<b>O&amp;M to Rent Ratio</b>	<b>Income</b>	<b>O&amp;M to Income Ratio</b>
All stabilized	\$639	\$907	0.70	\$1,009	0.63
Stabilized Pre'47	\$612	\$857	0.71	\$958	0.64
Stabilized Post'46	\$701	\$1,020	0.69	\$1,125	0.62

Source: 2008 Income and Expense Study, from 2007 Real Property Income and Expense filings for 2006, NYC Department of Finance.

**On April 25, 2008 the staff of the Rent Guidelines Board released two memos to Board members with additional *Income and Expense Study* information. The text of those memos follows:**

***2008 Income and Expense Study Memo #1:***

In response to the request from the board for a breakdown of Income & Expense cross-sectional data for residential-only buildings (those buildings without commercial space rental income), the following are the key indicators by building size and location:

<sup>6</sup> Totals may not add due to weighting and rounding.

<sup>7</sup> Overall O&M expenses were adjusted according to the findings of an income and expenses audit conducted by the Department of Finance in 1992. The unadjusted **O&M to Rent** ratios would be 0.77 (All), 0.78 (Pre-47), and 0.75 (Post-46), respectively. The unadjusted **O&M to Income** ratios would be 0.69 (All), 0.69 (Pre-47), and 0.68 (Post-46).

*Cross-Sectional Average Rent, Income, Costs, and NOI, By Building Size, Citywide and by Borough, Residential Only Buildings, 2006*

<b>All sizes</b>					<b>20-99 units</b>				
	<i>Rent</i>	<i>Income</i>	<i>Costs</i>	<i>NOI</i>		<i>Rent</i>	<i>Income</i>	<i>Costs</i>	<i>NOI</i>
Citywide	\$893	\$928	\$646	\$282	Citywide	\$823	\$845	\$604	\$241
Core Manh	\$1,368	\$1,431	\$862	\$568	Core Manh	\$1,279	\$1,294	\$780	\$514
Upper Manh	\$829	\$857	\$665	\$192	Upper Manh	\$828	\$853	\$654	\$199
Brooklyn	\$750	\$775	\$566	\$210	Brooklyn	\$739	\$761	\$558	\$203
Queens	\$826	\$849	\$603	\$247	Queens	\$810	\$828	\$587	\$242
Bronx	\$689	\$717	\$551	\$166	Bronx	\$675	\$702	\$540	\$162
City w/o Core	\$762	\$788	\$586	\$202	City w/o Core	\$747	\$770	\$574	\$196

  

<b>11-19 units</b>					<b>100+ units</b>				
	<i>Rent</i>	<i>Income</i>	<i>Costs</i>	<i>NOI</i>		<i>Rent</i>	<i>Income</i>	<i>Costs</i>	<i>NOI</i>
Citywide	\$896	\$911	\$648	\$263	Citywide	\$1,122	\$1,208	\$783	\$425
Core Manh	\$1,264	\$1,277	\$812	\$465	Core Manh	\$1,525	\$1,666	\$983	\$683
Upper Manh	\$768	\$791	\$654	\$137	Upper Manh	\$901	\$957	\$758	\$200
Brooklyn	\$728	\$741	\$558	\$182	Brooklyn	\$826	\$878	\$608	\$271
Queens	\$776	\$783	\$543	\$240	Queens	\$893	\$938	\$674	\$264
Bronx	\$638	\$660	\$584	\$77	Bronx	\$818	\$859	\$616	\$243
City w/o Core	\$731	\$746	\$573	\$172	City w/o Core	\$855	\$904	\$650	\$254

In addition, the following chart shows the longitudinal change in rent, income, costs and NOI for all residential-only buildings from 2005 to 2006:

*Longitudinal Change in Rent, Income, Costs, and NOI, Citywide and by Borough, Residential Only Buildings, 2005-2006*

<b>All sizes-Change from 05-06</b>				
	<i>Rent</i>	<i>Income</i>	<i>Costs</i>	<i>NOI</i>
Citywide	5.5%	5.3%	3.2%	10.1%
Core Manh	6.6%	6.6%	2.3%	13.7%
Upper Manh	6.3%	5.9%	5.7%	6.6%
Brooklyn	5.4%	4.4%	2.8%	8.5%
Queens	4.4%	4.2%	3.8%	5.1%
Bronx	4.3%	4.5%	3.0%	10.2%
City w/o Core	5.0%	4.6%	3.6%	7.6%

Source: 2006 and 2007 RPIE Filings, Dept.of Finance

**2008 Income and Expense Study Memo #2:**

In response to a request from the board for an analysis of RPIE-EZ form filings, the following are the summary findings, broken down by borough, from 1,856 buildings, each containing 10 apartment units or less, which filed RPIE-EZ forms reflecting conditions in 2006. These filings represent all buildings with fewer than eleven units that filed an RPIE-EZ form. Therefore this analysis contains rent stabilized as well as unregulated buildings.

It is important to note that owners of buildings containing fewer than eleven units are not required to file RPIE forms, but the Department of Finance provides an opportunity for owners of these buildings to file RPIE-EZ forms. The Department of Finance created the EZ form to encourage owners of income-producing properties to provide income and expense info -- even those that are not required to by law -- so that they can base their values on actual data, as opposed to estimates based on comparables. It is important to keep in mind that when considering these findings that the type of respondent of the RPIE-EZ forms is self-selected, and not as broad-based as the findings reported in the RGB's 2008 *Income and Expense Study*.

The following results are broken out *per building* per month (per unit results are not available). The first table shows averages, while the second shows median figures.

*Average Income and Expense and the Average Operating and Maintenance Cost to Income Ratio, per Building, per Month, for Buildings with 10 Units or Less, 2006*

	Number of buildings	Average Income per month	Average Expenses per month	Average O&M Cost to Income Ratio
Manhattan	238	\$9,263	\$7,373	79.60%
Bronx	129	\$3,809	\$3,325	87.31%
Brooklyn	995	\$3,593	\$2,727	75.90%
Queens	466	\$3,460	\$2,559	73.97%
Citywide	1,856	\$4,288	\$3,314	77.27%

*Median Income and Expense and the Median Operating and Maintenance Cost to Income Ratio, per Building, per Month, for Buildings with 10 Units or Less, 2006*

	Number of buildings	Median Income per month	Median Expenses per month	Median O&M Cost to Income Ratio
Manhattan	238	\$7,632	\$6,135	80.38%
Bronx	129	\$3,300	\$2,439	73.91%
Brooklyn	995	\$3,123	\$2,311	74.00%
Queens	466	\$3,235	\$2,383	73.65%
Citywide	1,856	\$3,364	\$2,493	74.11%

Notes: Staten Island contained too few buildings (28) to break out individually but is included in the citywide totals. Expense data includes estimates of real estate taxes paid by building owners that were calculated by the Dept. of Finance because building owners are not asked to include that information in their RPIE filings.

In addition, while not available by borough, the *average* audited O&M expense to rent ratio in 2006 was 71.0% (unaudited was 77.3%) and the *median* audited O&M expense to rent ratio was 68.1% (unaudited was 74.1%).

## **FORECASTS OF OPERATING AND MAINTENANCE PRICE INCREASES FOR 2008-09**

In order to decide upon the allowable rent increases for two-year leases, the Rent Guidelines Board considers price changes for operating costs likely to occur over the next year. In making its forecasts the Board relies on expert assessments of likely price trends for the individual components, the history of changes in prices for the individual components and general economic trends. The Board's projections for 2008-09 are set forth in Table 3, which shows the Board's forecasts for price increases for the various categories of operating and maintenance costs.

**Table 3**

<b>Year-to-Year Percentage Changes in Components of the Price Index of Operating Costs: Actual 2007-08 and Projected 2008-09</b>		
	<b>Price Index 2007-08</b>	<b>Projected Price Index 2008-09</b>
Taxes	0.3%	10.3%
Labor Costs	4.0%	3.6%
Fuel Costs	37.4%	4.7%
Utility Costs	8.9%	11.0%
Contractor Services	4.6%	5.4%
Administrative Costs	5.3%	6.2%
Insurance Costs	2.3%	6.8%
Parts & Supplies	2.3%	1.7%
Replacement Costs	4.0%	1.5%
<b>Total (Weighted)</b>	<b>7.8%</b>	<b>7.3%</b>

Source: 2008 Price Index of Operating Costs for Rent Stabilized Apartment Houses in New York City, which includes the 2009 PIOC Projection.

Overall, the PIOC is expected to grow by 7.3% from 2008 to 2009, with projected increases in every PIOC component. Three of the more volatile components, Fuel, Insurance Costs, and Utilities, are projected to rise 4.7%, 6.8%, and 11.0% respectively. Taxes are projected to increase 10.3% due to an increase in billable assessments and the tax rate for Class Two properties. Contractor Services are expected to rise 5.4%, Administrative Costs 6.2%, and Labor Costs are projected to increase by 3.6%. The table on this page shows predicted changes in PIOC components for 2009. The core PIOC is projected to rise 7.7%, a higher rate than the overall PIOC.

### **COMMENSURATE RENT ADJUSTMENT**

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

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

The first commensurate method is called the “Net Revenue” approach. While this formula takes into consideration the types of leases actually signed by tenants, it does not adjust landlords' NOI for inflation. The “Net Revenue” formula is presented in two ways, first adjusting for the mix of lease terms and second, adding an assumption for stabilized apartment turnover and the impact of revenue from vacancy increases. Under the “Net Revenue” formula, a guideline that would preserve NOI in the face of this year’s 7.8% increase in the PIOC is 6.25% for a one-year lease and 11.5% for a two-year lease. Guidelines using this formula and adding assumptions for the impact of vacancy increases on revenues when apartments experience turnover are 4.75% for one-year leases and 9.5% for two-year leases.

The second commensurate method considers the mix of lease terms while adjusting NOI upward to reflect general inflation, keeping both operating and maintenance (O&M) and NOI constant. This is commonly called the “CPI-Adjusted NOI” formula. A guideline that would preserve NOI in the face of the 2.9% increase in the

Consumer Price Index and the 7.8% increase in the PIOC is 7.5% for a one-year lease and 13.25% for a two-year lease. Guidelines using this formula and adding the estimated impact of vacancy increases are 6.0% for one-year leases and 11.25% for two-year leases.<sup>8</sup>

The original formula that has been in use since the inception of the Rent Guidelines Board is called the “traditional” commensurate adjustment. The “traditional” commensurate yields 5.4% for a one-year lease and 8.1% for a two-year lease, given the increase in operating costs of 7.8% found in the 2008 PIOC and the projection of a 7.3% increase next year.<sup>9</sup>

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

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

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

Finally, it is important to note that only the “traditional” commensurate formula uses the PIOC projection and that this projection is not used in conjunction with or as part of the “Net Revenue” and “CPI-Adjusted NOI” formulas. As stated previously, all three formulas attempt to compensate owners for the adjustment in their operating and maintenance costs measured each year in the PIOC. The “Net Revenue” and the “CPI-Adjusted NOI” formulas attempt to compensate owners for the adjustment in O&M costs by using only the known PIOC change in costs (7.8%). The traditional method differs from the other formulas in that it uses both the PIOC's actual change in costs as well as the projected change in costs (7.3%). If the change in projected costs, which may not be an accurate estimate of owner's costs, is added to the “Net Revenue” and “CPI-Adjusted NOI” formulas, the resulting guidelines will likely over- or under-compensate for the change in costs.

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

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<sup>8</sup> The following assumptions were used in the computation of the commensurates: (1) the required change in landlord revenue is 68.9% of the 2008 PIOC increase of 7.8%, or 5.4%. The 68.9% figure is the most recent ratio of average operating costs to average income in stabilized buildings; (2) for the “CPI-Adjusted NOI” commensurate, the increase in revenue due to the impact of inflation on NOI is 31.1% times the latest 12-month increase in the CPI ending February 2008 (2.93%) or 0.9%; (3) these lease terms are only illustrative—other combinations of one- and two-year guidelines could produce the adjustment in revenue; (4) assumptions regarding lease renewals and turnover were derived from the 2005 Housing and Vacancy Survey; and (5) for the commensurate formulae, including a vacancy assumption, the 10.69% median increase in vacancy leases found in the rent stabilized apartments that reported a vacancy lease in the 2006 apartment registration file from the Division of Housing and Community Renewal was used.

<sup>9</sup> The collectability of legally authorized adjustments is assumed. Calculating the “traditional” commensurate rent adjustment requires an assumption about next year's PIOC. In this case, the 7.3% PIOC projection for 2009 is used.

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

## Consideration of Other Factors

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

### EFFECTIVE RATES OF INTEREST

The Board took into account current mortgage interest rates and the availability of financing and refinancing. It reviewed the staff's *2008 Mortgage Survey* of lending institutions. Table 4 gives the reported rate and points for the past nine years as reported by the mortgage survey.

**Table 4**

<b>2008 Mortgage Survey<sup>11</sup></b>									
<b>Average Interest Rates and Points for</b>									
<b>New and Refinanced Permanent Mortgage Loans 2000-2008</b>									
New Financing of Permanent Mortgage Loans,									
Interest Rate and Points									
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Avg. Rates	8.7%	8.4%	7.4%	6.2%	5.8%	5.5%	6.3%	6.3%	5.9%
Avg. Points	0.99	0.99	0.79	0.81	0.67	0.56	0.44	0.61	0.47
Refinancing of Permanent Mortgage Loans,									
Interest Rate and Points									
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Avg. Rates	8.6%	8.0%	7.4%	6.2%	5.7%	5.5%	6.3%	6.2%	5.8%
Avg. Points	1.01	1.06	0.83	0.78	0.60	0.56	0.44	0.61	0.44

Source: 2000–2008 *Annual Mortgage Surveys*, RGB.

**On April 10, 2008 the staff of the Rent Guidelines Board released a memo to Board members with additional *Mortgage Survey* information. The text of that memo follows:**

In response to the request by Steven Schleider for survey data excluding HPD, below is a comparison of this year's cross-sectional data results with and without HPD included in the analysis:

<sup>11</sup> Institutions were asked to provide information on their "typical" loan to rent stabilized buildings. Data for each variable in any particular year and from year to year may be based upon responses from a different number of institutions.

	With HPD (as reported in '08 MSR)	Without HPD
Current new interest rate	5.85%	6.11%
Avg new interest rate	6.05%	6.05%
Current refinanced interest rate	5.79%	6.11%
Avg refinanced interest rate	6.09%	6.09%
Avg # of new loans	60	60
Avg # of refinanced loans	69	73
Avg new points	0.47	0.43
Avg refinanced points	0.44	0.40
Maximum LTV Ratio	76.7%	76.7%
Debt Svc Coverage	1.20	1.21
V&C Losses	3.76%	3.69%
% NP loans	1.25%	1.00%
% in FC	0.30%	0.50%
O&M Costs	\$537	\$543
Avg Rent	\$933	\$946
Cost to rent ratio	57.5%	57.4%

### CONDITION OF THE RENT STABILIZED HOUSING STOCK

The Board reviewed the number of buildings owned by the City following *in rem* actions and the number of units that are moving out of the rental market due to cooperative and condominium conversion.

**Table 5**

<b>City-Owned Properties in Central Management Occupied and Vacant Building Counts, Fiscal Years 2000-2007</b>								
	2000	2001	2002	2003	2004	2005	2006	2007
Occupied Bldgs.	1,730	1,203	919	610	373	235	175	133
Vacant Bldgs.	805	633	524	367	275	221	155	92

Source: NYC Department of Housing Preservation and Development, Office of Property Management.

**Table 6**

<b>Number of Cooperative / Condominium Plans<sup>12</sup> Accepted for Filing, 1999-2007</b>									
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
New Construction	50	87	145	136	190	268	361	644	573
Conversion Non-Eviction	12	9	12	14	10	16	24	53	66
Conversion Eviction	27	9	2	15	0	15	18	13	16
Rehabilitation	30	15	13	20	18	18	6	0	8
<b>Total</b>	<b>119</b>	<b>120</b>	<b>172</b>	<b>185</b>	<b>218</b>	<b>317</b>	<b>409</b>	<b>710</b>	<b>663</b>
<b>Subtotal:</b>									
HPD Sponsored Plans	26	8	2	15	0	15	18	13	16

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

**On June 10, 2008 the staff of the Rent Guidelines Board released a memo to Board members with additional *Housing Supply Report* information. The text of that memo follows:**

At the June 3, 2008 *Housing Supply Report* presentation, five questions were asked of RBG staff for which answers were not immediately available. Detailed answers are provided in this memo.

*Question 1: How many Mitchell-Lama Units left the program in 2007?*

There were approximately 6,560 units in New York City that left the Mitchell-Lama program during 2007. The number leaving for all years is presented below in a table, and in graph form on Page 9 of the *2008 Housing Supply Report*:

<sup>12</sup> The figures given above for eviction and non-eviction plans include those that are abandoned because an insufficient percentage of units were sold within the 15-month deadline. In addition, some of the eviction plans accepted for filing may have subsequently been amended or resubmitted as non-eviction plans and therefore may be reflected in both categories. HPD sponsored plans are a subset of the total plans.

Year	Number Bought Out	Number Remaining
1985	--	137,720
1986	1,476	136,244
1987	2,490	133,754
1988	1,246	132,508
1989	3,008	129,500
1990	1,557	127,943
1991	184	127,759
1992	2,298	125,461
1993	157	125,304
1994	260	125,044
1995	527	124,517
1996	0	124,517
1997	618	123,899
1998	2,109	121,790
1999	286	121,504
2000	72	121,432
2001	1,604	119,828
2002	787	119,041
2003	1,829	117,212
2004	4,390	112,822
2005	5,437	107,385
2006	3,975	103,410
2007	6,560	96,850

*Question 2: On the chart on Page 6 on the 2008 Housing Supply Report, which shows the size distribution by borough of housing applying for permits in 2007, are units or buildings represented?*

This chart represents the breakdown of buildings applying for permits. For instance, the chart shows that in Manhattan 87.6% of all buildings applying for permits were five units or greater. Had this chart shown a breakdown by units, it would have shown at 99.6% of all units in Manhattan were in five family or greater building.

*Question 3: What is the definition of a room in the HVS?*

A room is defined as:

Rooms counted include whole rooms used for living purposes, such as living rooms, dining rooms, bedrooms, kitchens, finished attic or basement rooms, recreation rooms, permanently enclosed porches that are suitable for year-round use, and lodger's rooms. Also included are rooms used for offices by a person living in the unit.

A partially divided room, such as a dinette next to a kitchen or living room, is a separate room only if there is a partition from floor to ceiling, but not if the partition consists only of shelves or cabinets.

Not included in the count of rooms are bathrooms, halls, foyers or vestibules, balconies, closets, alcoves, pantries, strip or pullman kitchens, laundry or furnace rooms, unfinished attics or basements, other unfinished space used for storage, open porches, trailers used only as bedrooms, and offices used only by persons not living in the unit.

If a room is used by occupants of more than one unit, the room is included with the unit from which it is most easily reached.

*Question 4: How is low- and middle-income defined among affordable housing programs?*

The definition of low- and middle-income varies among different programs. Generally, it is based on family size and a percentage of Area Median Income (AMI). For instance, various affordable housing programs sponsored by the NYC Housing Development Corporation (HDC) define low-income as 40%, 50% or 60% of AMI. Moderate to middle-income is defined by HDC as a combined annual family income of up to 100%, 130% or 175% of AMI. According to the HDC website, the Federal Department of Housing Preservation and Urban Development (HUD) calculates the City's AMI currently at \$76,800 for a family of four. Under HDC's Low-Income Affordable Marketplace Program (LAMP), low-income is defined as a combined annual income of up to 60% of AMI, which is currently \$46,080 for a family of four. Under the 80/20 and Mixed-Income programs, low-income is 40% or 50% of AMI, which is currently \$30,720 or \$38,400, respectively, for a family of four. Under HPD's New Housing Opportunities Program (New HOP), apartments created under this program are reserved for middle-income households with an income of up to 175% of AMI (currently \$134,000 for a family of four). Housing provided by the NYC Housing Authority is eligible to those earning no more than \$43,000 as an individual or a family of four earning a total gross family income of under \$61,450. Preference for housing is given to working families. Rent charged by the Housing Authority is based on 30% of the family's adjusted gross income.

*Question 5: Do the new housing completions data include hotel units?*

According to the NYC Dept. of City Planning, who compiles the completions data based on information provided by the Dept. of Buildings, there is a chance that the completions data does include hotel units. However, City Planning does their best to remove hotel units from the completions data, but since this is a manual process, hotel units cannot be completely discounted from the data. The completions data also includes adult housing, for instance an assisted living facility for seniors, or other housing for specialized populations, which if removed from the data would lower the amount of housing available for the general public.

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**CONSUMER PRICE INDEX**

The Board reviewed the Consumer Price Index. Table 7 shows the percentage change for the NY-Northeastern NJ Metropolitan area since 2000.

**Table 7**

<b>Percentage Changes in the Consumer Price Index for the New York City - Northeastern New Jersey Metropolitan Area, 2001-2008 (For "All Urban Consumers")</b>								
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Ist Quarter Avg. <sup>13</sup>	2.7%	2.5%	3.1%	3.2%	4.4%	2.7%	2.9%	3.8%
Yearly Avg.	2.5%	2.6%	3.1%	3.5%	3.9%	3.8%	2.8%	--

Source: U.S. Bureau of Labor Statistics.

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<sup>13</sup> 1<sup>st</sup> Quarter Average refers to the change of the CPI average of the first three months of one year to the average of the first three months of the following year.

## CALCULATING OF THE CURRENT OPERATING AND MAINTENANCE EXPENSE TO RENT RATIO

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

Over the first two decades of rent stabilization, the change in the O&M to rent ratio contained in Table 8 (hereinafter, referred to as "Table 14" - its past designation) was updated each year to reflect the changes in operating costs as measured by the PIOC and changes in rents as measured by staff calculations derived from guideline increases. Over the years, some Board members and other housing experts have challenged the price index methodology and the soundness of the assumptions used in calculating the O&M to rent ratio in "Table 14". Several weaknesses in the table have been acknowledged for some time.

The first problem with "Table 14" is that the calculation does not account for the changes in the housing stock and market factors, both of which have certainly affected the relationship between rents and operating costs to some degree. Next, for the purpose of measuring the relationship between legal regulated rents and operating cost changes, the usefulness of "Table 14" is also limited. The rent index contained in the table does not adjust for administrative rent increases (MCI's and Apartment Improvement increases) and rents charged below established guidelines (preferential).

The operating cost index contained in the table is more troublesome. The .55 base contained in the table reflects an estimate concerning nearly all post-war units. The vast majority of stabilized units (about 7 out of 10) are now in pre-war buildings, which had higher O&M ratios in 1970. The cost index was adjusted (departing from the PIOC) in the 1970's in an attempt to accommodate for this influx of pre-war buildings into the stabilized sector. This attempt was misguided. The rent index reflects changes in rents initially in the post-war sector - so adjustments to the cost index to reflect the influx of pre-war units' results in a one-sided distortion of the changing relationship between costs and rents.

Staff's research suggests that the PIOC may have overstated actual cost increases from 1970 to 1982. Similarly, from 1990 to 2006, the I&E rose 111% and the adjusted PIOC rose 126%. What remains clear, however, is that "Table 14," in its current form, presents a highly misleading picture of the changing relationship of operating costs to rents over time.

**Table 8 (Formerly Table 14)<sup>14</sup>**

<b>Calculation of Operating and Maintenance Cost Ratio For Rent Stabilized Buildings from 1970 to 2008</b>						
Period	Percent O&M <sup>15</sup> Increase	O&M Index	Period	Percent Rent <sup>16</sup> Increase	Rent Index	O&M/Rent Ratio
4/1/70-3/31/71	-	55	7/1/71-6/30/72	-	100	0.55
4/1/71-3/31/72	5.7	58.14	7/1/72-6/30/73	5.4	105.40	0.55
4/1/72-3/31/73	7.9	62.73	7/1/73-6/30/74	5.4	111.09	0.56
4/1/73-3/31/74	15.5	72.45	7/1/74-6/30/75	5.64	117.36	0.62
4/1/74-3/31/75	6.5	77.16	7/1/75-6/30/76	5.62	123.95	0.62
4/1/75-3/31/76	8.8	83.95	7/1/76-6/30/77	5.33	130.56	0.64
4/1/76-3/31/77	6.9	89.74	7/1/77-6/30/78	5.49	137.73	0.65
4/1/77-3/31/78	0.6	90.28	7/1/78-6/30/79	4.23	143.55	0.63
4/1/78-3/31/79	10.4	99.67	7/1/79-6/30/80	7.73	154.65	0.64
4/1/79-3/31/80	17.0	116.61	7/1/80-9/30/81	10.28	170.55	0.68
4/1/80-3/31/81	14.6	133.64	10/1/81-9/30/82	10.11	187.79	0.71
4/1/81-3/31/82	2.8	137.38	10/1/82-9/30/83	3.52	194.40	0.71
4/1/82-3/31/83	2.6	140.95	10/1/83-9/30/84	4.93	203.98	0.69
4/1/83-3/31/84	6.3	149.83	10/1/84-9/30/85	5.82	215.86	0.69
4/1/84-3/31/85	5.4	157.92	10/1/85-9/30/86	6.55	229.99	0.69
4/1/85-3/31/86	6.4	168.03	10/1/86-9/30/87	6.18	244.21	0.69
4/1/86-3/31/87	2.1	171.56	10/1/87-9/30/88	5.87	258.54	0.66
4/1/87-3/31/88	6.4	182.54	10/1/88-9/30/89	6.39	275.06	0.66
4/1/88-3/31/89	6.7	194.77	10/1/89-9/30/90	6.16	292.01	0.67
4/1/89-3/31/90	10.9	216.00	10/1/90-9/30/91	4.15	304.13	0.71
4/1/90-3/31/91	6.0	228.96	10/1/91-9/30/92	3.93	316.08	0.72
4/1/91-3/31/92	4.0	238.12	10/1/92-9/30/93	3.11	325.91	0.73
4/1/92-3/31/93	4.7	249.31	10/1/93-9/30/94	2.93	335.46	0.74
4/1/93-3/31/94	2.0	254.30	10/1/94-9/30/95	2.73	344.62	0.74
4/1/94-3/31/95	0.1	254.55	10/1/95-9/30/96	4.10	358.74	0.71

<sup>14</sup> Source: Price Index of Operating Costs 1970 – 2008, NYC Housing and Vacancy Surveys.

<sup>15</sup> Estimate of percentage increases are based on the Price Index of Operating Costs for Rent Stabilized Apartment Houses in New York City for the relevant year and adjustments made by the Rent Guidelines Board; detailed explanations are available in the individual Explanatory Statements of the Board.

<sup>16</sup> For explanation of the derivation of individual percentage rent increases see the Explanatory Statements of the Board's previous Orders.

**Table 8 (Formerly Table 14) Continued**

Calculation of Operating and Maintenance Cost Ratio For Rent Stabilized Buildings from 1970 to 2008						
Period	Percent O&M Increase	O&M Index	Period	Percent Rent Increase	Rent Index	O&M/Rent Ratio
4/1/95-3/31/96	6.0	269.82	10/1/96-9/30/97	5.72	379.26	0.71
4/1/96-3/31/97	2.4	276.30	10/1/97-9/30/98	3.66	393.16	0.70
4/1/97-3/31/98	0.1	276.58	10/1/98-9/30/99	3.71	407.75	0.68
4/1/98-3/31/99	0.03	276.65	10/1/99-9/30/00	3.91	423.70	0.65
4/1/99-3/31/00	7.8	298.23	10/1/00-9/30/01	5.04	445.04	0.67
4/1/00-3/31/01	8.7	324.18	10/1/01-9/30/02	4.78	466.29	0.70
4/1/01-3/31/02	-1.6	318.99	10/1/02-9/30/03	3.61	483.10	0.66
4/1/02-3/31/03	16.9	372.90	10/1/03-9/30/04	5.72	510.72	0.73
4/1/03-3/31/04	6.9	398.63	10/1/04-9/30/05	4.75	534.96	0.75
4/1/04-3/31/05	5.8	421.91	10/1/05-9/30/06	4.22	557.54	0.76
4/1/05-3/31/06	7.8	454.86	10/1/06-9/30/07	4.38	581.92	0.78
4/1/06-3/31/07	5.1	477.83	10/1/07-9/30/08	3.57 <sup>17</sup>	602.68	0.79
4/1/07-3/31/08	7.8	515.10	10/1/08-9/30/09	8.00 <sup>18</sup>	650.80	0.79

For years the staff has expressed serious reservations about the usefulness and accuracy of "Table 14". With current longitudinal income and expense data staff has constructed a new and far more reliable index, using 1989 as a base year. Except for the most recent year and the coming year, this new index measures changes in building income and operating expenses as reported in annual income and expense statements. The second to last year in the table will reflect actual PIOC increases and projected rent changes. The last year in the table - projecting into the future - will include staff projections for both expenses and rents. The proposed new index is in Table 9.

While we believe this to be a more reliable index, it is not without limitations. First, as noted, for the past and coming year the index will continue to rely upon the price index and staff rent and cost projections. Second, while the new table looks at the overall relationship between costs and income, it does not measure the specific impact of rent regulation on that relationship. This new table is listed as Table 9.

<sup>17</sup> The 3.57% increase in rent roll estimated for leases signed during the period 10/1/07-9/30/08 under Order 39 reflects the following: (1) Renewal guidelines are estimated to contribute a 0.948% and 1.682% increase in the rent roll with 31.6% of all units experiencing a one-year lease signing (3.0%) and 58.5% of all units experiencing two-year lease signings (5.75%). These figures are derived from the 2005 Housing and Vacancy Survey (HVS), Table 58, which gives reported lease terms. "Less than one year" was assumed to be a one-year lease and "More than one year" and "More than two years" were assumed to be a two-year lease. These figures for renewal leases (35% of stabilized households have a one-year lease and 65% have two-year leases) were reduced by the turnover rate of 9.9%, derived from the average households who moved in the 2005 HVS (100,500 is the average number of stabilized households that moved annually 2002-2004) and taken as percentages of all stabilized lease signers (1,015,655); (2) the median vacancy increase of 9.46% found in the 2004 annual DHCR rent registration data for apartments is estimated to increase overall rent rolls by 0.936% when multiplied by the HVS turnover rate (9.9%), which estimates the percentage of rent stabilized units that will enter into vacancy leases under Order 39.

<sup>18</sup> The 8.00% increase in rent roll estimated for leases signed during the period 10/1/08-9/30/09 under Order 40 reflects the following: (1) Renewal guidelines are estimated to contribute a 2.51% and 4.44% increase in the rent roll with 31.6% of all units experiencing a one-year lease signing (4.5% or \$45, whichever is higher) and 58.5% of all units experiencing two-year lease signings (8.5% or \$85, whichever is higher). These figures are derived from the 2005 Housing and Vacancy Survey (HVS), Table 58, which gives reported lease terms. "Less than one year" was assumed to be a one-year lease and "More than one year" and "More than two years" were assumed to be a two-year lease. These figures for renewal leases (35% of stabilized households have a one-year lease and 65% have two-year leases) were reduced by the turnover rate of 9.9%, derived from the average households who moved in the 2005 HVS (100,500 is the average number of stabilized households that moved annually 2002-2004) and taken as percentages of all stabilized lease signers (1,015,655); (2) the median vacancy increase of 10.69% found in the 2006 annual DHCR rent registration data for apartments is estimated to increase overall rent rolls by 1.06% when multiplied by the HVS turnover rate (9.9%), which estimates the percentage of rent stabilized units that will enter into vacancy leases under Order 40.

Table 9

Revised Calculation of Operating and Maintenance Cost Ratio for Rent Stabilized Buildings from 1989 to 2009			
	Average Monthly O & M Per d.u. <sup>19</sup>	Average Monthly Income Per d.u.	Average O & M to Income Ratio
1989	\$370 (\$340)	\$567	.65 (.60)
1990	\$382 (\$351)	\$564	.68 (.62)
1991	\$382 (\$351)	\$559	.68 (.63)
1992	\$395 (\$363)	\$576	.69 (.63)
1993	\$409 (\$376)	\$601	.68 (.63)
1994	\$415 (\$381)	\$628	.66 (.61)
1995	\$425 (\$391)	\$657	.65 (.59)
1996	\$444 (\$408)	\$679	.65 (.60)
1997	\$458 (\$421)	\$724	.63 (.58)
1998	\$459 (\$422)	\$755	.61 (.56)
1999	\$464 (\$426)	\$778	.60 (.55)
2000	\$503 (\$462)	\$822	.61 (.56)
2001	\$531 (\$488)	\$868	.61 (.56)
2002	\$570 (\$524)	\$912	.63 (.57)
2003	\$618 (\$567)	\$912	.68 (.62)
2004	\$654 (\$601)	\$969	.67 (.62)
2005	\$679 (\$624)	\$961	.71 (.65)
2006	\$695 (\$638)	\$1,009	.69 (.63)
2007 <sup>20</sup>	\$730 (\$671)	\$1,052	.69 (.64)
2008 <sup>21</sup>	\$787 (\$723)	\$1,095	.72 (.66)
2009 <sup>22</sup>	\$845 (\$776)	\$1,154	.73 (.67)

Source: RGB *Income and Expense Studies, 1989-2008, Price Index of Operating Costs 1992 - 2008, RGB Rent Index for 1992 - 2009* (see Table 8).

## CHANGES IN HOUSING AFFORDABILITY

For the fourth year in a row, New York City's economy generally improved as compared with the preceding year, with steady unemployment rates, rising wages and employment levels, and Gross City Product growing steadily from the last quarter of 2003 through the fourth quarter of 2007. Citywide unemployment rates held steady at 5.0% during 2007, after falling the prior three years (although rates are still the lowest of the more than 30 years the RGB has access to). Total employment levels in the City increased 2.1%, and the City's Gross City Product increased for the fourth consecutive year and 17th consecutive quarter, increasing by 3.0% during 2007, compared to 3.6% during 2006. Real wages also increased by 4.1% between 2005 and 2006 (the most recent year for which there are statistics). In addition, public assistance cases fell for the third year in a row, dropping more than 8% between fiscal years 2006 and 2007.

However, there were indicators tracked in the I&A Study that showed a downward trend during 2007. HVS data released two years ago showed that household income for rent stabilized tenants declined in real terms

<sup>19</sup> Operating and expense data listed is based upon unaudited filings with the Department of Finance. Audits of 46 buildings conducted in 1992 suggest that expenses may be overstated by 8% on average. See Rent Stabilized Housing in New York City, A Summary of Rent Guidelines Board Research 1992, pages 40-44. Figures in parentheses are adjusted to reflect these findings.

<sup>20</sup> Estimated expense figure includes 2006 expense estimate updated by the PIOC for the period from 4/1/06 through 3/31/07 (5.8%). Income includes the income estimate for 2006 updated by staff estimate based upon renewal guidelines and choice of lease terms for a period from 4/1/06 through 3/31/07 (4.28% - i.e., the 10/1/05 to 9/30/06 rent projection (4.22) times (.583), plus the 10/1/06 to 9/30/07 rent projection (4.38) times (.417)).

<sup>21</sup> Estimated expense figure includes 2007 expense estimate updated by the PIOC for the period from 4/1/07 through 3/31/08 (7.8%). Income includes the income estimate for 2007 updated by staff estimate based upon renewal guidelines and choice of lease terms for a period from 4/1/07 through 3/31/08 (4.04% - i.e., the 10/1/06 to 9/30/07 rent projection (4.38) times (.583), plus the 10/1/07 to 9/30/08 rent projection (3.57) times (.417)).

<sup>22</sup> Estimated expense figure includes 2008 expense estimate updated by the staff PIOC projection for the period from 4/1/08 through 3/31/09 (7.3%). Income includes the income estimate for 2008 updated by staff estimate based upon renewal guidelines and choice of lease terms for a period from 4/1/08 through 3/31/09 (4.10% - i.e., the 10/1/07 to 9/30/08 rent projection (3.57) times (.583), plus the 10/1/08 to 9/30/09 rent projection (8.00) times (.417)).

by 8.6% between 2001 and 2004, remaining at a nominal \$32,000 for both years. There was also a rise in homeless levels, increasing by 11.5% for families, although declining for single adults. And while employment levels in most tracked sectors increased, there was again a significant decline in the manufacturing sector, falling 4.8% from 2006 levels, while real income in that sector also declined, by 3.3%. In addition, evictions and possessions rose more than 4% in 2007, as well as an increase in the proportion of calendared cases that resulted in eviction, the highest level in 10 years. Cash assistance applications also rose by 8.8% during the 2007 fiscal year, while job placements for those receiving cash assistance declined by 7.0%.

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**On April 25, 2008 the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the 2008 *Income and Affordability Study*. The text of that memo follows:**

At the April 15, 2008 *Income and Affordability Study* presentation, six questions were asked of RBG staff for which answers were not immediately available. Detailed answers are provided in this memo.

*Question 1: What prices does the CPI capture? What are the most recently available inflation statistics?*

Per the Bureau of Labor Statistics, CPI captures the following components:

“The CPI represents all goods and services purchased for consumption by the reference population (Consumer Price Index for All Urban Consumers or Consumer Price Index for Urban Wage Earners and Clerical Workers). The Bureau of Labor Statistics (BLS) has classified all expenditure items into more than 200 categories, arranged into eight major groups. Major groups and examples of categories in each are as follows:

- ∞ FOOD AND BEVERAGES (breakfast cereal, milk, coffee, chicken, wine, full service meals and snacks);
- ∞ HOUSING (rent of primary residence, owners' equivalent rent, fuel oil, bedroom furniture);
- ∞ APPAREL (men's shirts and sweaters, women's dresses, jewelry);
- ∞ TRANSPORTATION (new vehicles, airline fares, gasoline, motor vehicle insurance);
- ∞ MEDICAL CARE (prescription drugs and medical supplies, physicians' services, eyeglasses and eye care, hospital services);
- ∞ RECREATION (televisions, cable television, pets and pet products, sports equipment, admissions);
- ∞ EDUCATION AND COMMUNICATION (college tuition, postage, telephone services, computer software and accessories);
- ∞ OTHER GOODS AND SERVICES (tobacco and smoking products, haircuts and other personal services, funeral expenses).

Also included within these major groups are various government-charged user fees, such as water and sewerage charges, auto registration fees, and vehicle tolls. The CPI also includes taxes, such as sales and excise taxes, that are directly associated with the prices of specific goods and services. However, the CPI excludes taxes, such as income and Social Security taxes, not directly associated with the purchase of consumer goods and services.

The CPI does not include investment items, such as stocks, bonds, real estate, and life insurance. (These items relate to savings and not to day-to-day consumption expenses.)

For each of the more than 200 item categories, BLS has chosen samples of several hundred specific items within selected business establishments frequented by consumers, using scientific statistical procedures, to represent the thousands of varieties available in the marketplace. For example, in a given supermarket, BLS may choose a plastic bag of golden delicious apples, U.S. extra fancy grade, weighing 4.4 pounds to represent the "Apples" category.”

Presented below are the percentage change in prices for each component detailed above, both from between 2006 and 2007 annually, as well as the change from the first quarter of 2007 as compared to the first quarter of 2008 (the most recently available data).

<i>Component</i>	<i>% Change 2006-2007</i>	<i>% Change 1<sup>st</sup> Quarter 2007-2008</i>
<b>Total CPI (NY)</b>	<b>2.8%</b>	<b>3.7%</b>
Total CPI (US)	2.8%	4.1%
Food and Beverages (NY)	3.0%	4.5%
Housing (NY)	5.1%	3.2%
<i>Shelter (renters and owners)</i>	<i>5.3%</i>	<i>3.1%</i>
<b>Rent (renters only)</b>	<b>5.2%</b>	<b>4.4%</b>
<i>Fuel and Utilities (renters and owners)</i>	<i>7.6%</i>	<i>10.0%</i>
<i>Household Furnishing and Operations (renters and owners)</i>	<i>1.4%</i>	<i>-3.8%</i>
Apparel (NY)	-1.5%	-1.9%
Transportation (NY)	3.8%	8.0%
Medical Care (NY)	4.0%	3.6%
Recreation (NY)	0.7%	-0.6%
Education and Communication (NY)	3.7%	3.6%
Other Goods and Services (NY)	1.0%	2.4%

*Question 2: What are the most up-to-date homeless statistics?*

The most recent homeless statistics are from the first quarter of 2008. Comparing the first quarter of 2007 with the first quarter of 2008:

	<i>1st Quarter 07</i>	<i>1st quarter 08</i>	<i>% change</i>
<b>Total Individuals</b>	<b>35,003</b>	<b>34,935</b>	<b>-0.2%</b>
Single Adults	7,273	6,960	-4.3%
Families	9,259	9,034	-2.4%
Children	14,192	14,862	4.7%

*Question 3: What are the most up-to-date unemployment statistics?*

	<i>1st Quarter 07</i>	<i>1st quarter 08</i>	<i>% point change</i>
<b>NYC</b>	<b>4.97%</b>	<b>5.03%</b>	<b>0.07</b>
U.S.	5.63%	6.1%	0.47
Bronx	6.83%	6.87%	0.03
Brooklyn	5.27%	5.37%	0.10
Manhattan	4.33%	4.4%	0.07
Queens	4.40%	4.53%	0.13
Staten Island	4.43%	4.53%	0.10

*Question 4: What are the most up-to-date employment statistics (in thousands)?*

	<i>1st Quarter 07</i>	<i>1st quarter 08</i>	<i>% change</i>
<b>Total Employment</b>	<b>3,690.6</b>	<b>3,737.6</b>	<b>1.3%</b>
Manufacturing	102.0	95.3	-6.6%
Construction, Natural Resources, Mining	118.6	122.1	3.0%
Trade, Transport, Utilities	562.2	537.9	2.1%
Leisure & Hospitality	283.9	292.5	3.0%
Financial Activities	461.4	467.9	1.4%
Information	163.3	168.2	3.0%
Management of Companies	58.6	57.3	-2.3%
Professional & Business Services	580.7	585.6	0.8%
Educational & Health Services	705.6	714.2	1.2%
Other Services	156.1	158.4	1.5%
Government	556.7	559.6	0.5%

*Question 5: What are the most up-to-date cash assistance and food stamp statistics?*

The most recent cash assistance statistics are from January and February of 2008. Comparing January and February of 2007 with January and February of 2008:

	<i>Jan/Feb 07</i>	<i>Jan/Feb 08</i>	<i>% change</i>
Cash Assistance	373,749	347,348	-7.1%
Food Stamps	1,099,057	1,126,649	2.5%

*Question 6: Are there any statistics on grants to help tenants pay back rent?*

The Human Resources Administration does provide grants to tenants facing eviction, but a representative from that agency does not believe these statistics are tracked. If the information is available, it will be provided at a later time.

**On June 9, 2008 the staff of the Rent Guidelines Board released a memo to Board members with additional information concerning the testimony at the June 3, 2008 board meeting. The text of that memo follows:**

At the June 3 meeting of the Board the Division of Housing and Community Renewal (DHCR) reported that there were 836,004 rent stabilized units registered in 2007 and 870,072 units registered in 2006. There was some question as to why there was such a large difference in the number of units registered in 2007 versus 2006 when the RGB's *Changes to the Rent Stabilized Housing Stock in NYC in 2007* showed a net loss of 5,088 rent stabilized apartments.

The reason lies in the fact that the DHCR apartment registration file is not static. It is constantly being updated with new registration data. When DHCR testified in June of **2007** the number of registered units in 2006 was 838,592. The number of units registered in 2006 as of **June 2008** was 870,072. In a year's time an additional 31,480 were added to the 2006 registration file, most likely due to late registration filings by owners. A similar situation was found in the 2005 apartment registration file. When the DHCR testified before the RGB in June of

2006, they reported 849,582 units registered in 2005 but the number grew to 875,709 units in their June of 2007 testimony, a difference of 26,127 apartments.

Perhaps a more accurate way to analyze this data is to compare the **updated** apartment registration filings from 2004 to 2006 as reported to the Board from year-to-year. In other words the 2006 apartment registrations as of June 2008, the 2005 registrations as of June 2007 and the 2004 registrations as of June 2006. These numbers are as follows:

<u>Registration Year</u>	<u>Number of Apartments registered</u>
2006	870,072
2005	875,709
2004	879,940

### **BUILDINGS WITH DIFFERENT FUEL AND UTILITY ARRANGEMENTS**

The Board was also informed of the circumstances of buildings with different fuel and utility arrangements including buildings that are master-metered for electricity and that are heated with gas versus oil (see Table 10). Under some of the Board's Orders in the past, separate adjustments have been established for buildings in certain of these categories where there were indications of drastically different changes in costs in comparison to the generally prevailing fuel and utility arrangements. This year the Board made no distinction between guidelines for buildings with different fuel and utility arrangements under Order 40.

**Table 10**

<b>Changes in Price Index of Operating Costs for Apartments in Buildings with Various Heating Arrangements, 2007-08, and Commensurate Rent Adjustment</b>		
<b>Index Type</b>	<b>2007-08 Price Index Change</b>	<b>One-Year Rent Adjustment Commensurate With Adjusted O&amp;M to Income Ratio of .689</b>
All Dwelling Units	7.78%	5.36%
Pre 1947	9.07%	6.26%
Post 1946	6.22%	4.29%
Oil Used for Heating	10.06%	6.93%
Gas Used for Heating	4.17%	2.87%
Master Metered for Electricity	5.68%	3.91%

Note: The O&M to Income ratio is from the 2008 *Income and Expense Study*.

Source: RGB's 2008 *Price Index of Operating Costs for Rent Stabilized Apartment Houses in New York City*.

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**On June 19, 2008 the staff of the Rent Guidelines Board released a memo to Board members. The text of that memo follows:**

### ***Introduction***

Given the significant amount of testimony that was received over the last two months on the subject of promulgating a guideline that provides for a minimum dollar amount of rent adjustment and/or an adjustment tied to the length of a tenant's tenure, Chairman Markus requested that the RGB staff analyze the impact of several different rent guideline adjustment scenarios. Each set of possible adjustments that the Chairman requested be analyzed would increase rents on longer-term tenants, where their rents may fall short of covering the costs of maintaining these units. Given the RGB board members' concern with tenant affordability, the Chair requested that staff analyze to what extent tenants can "afford" these adjustments in rent. Specifically, the analysis studies how would a minimum increase in rent impact long-term tenants' ability to "afford" these hypothetical rental adjustments?

In order for staff to analyze the impact of these increases, we needed data that included both tenant income and rent. Therefore we used the 2005 Housing and Vacancy Survey (HVS). Because the HVS data is now three years old, we have attempted to bring the data contained in it up to 2007/2008 by making a series of assumptions about the increase in both tenant incomes and rent. The methodology used is outlined below. Also included is a summary of our findings and tables that contain the data used in our analysis.

### ***Methodology***

To adjust rent levels, we relied on the RGB Rent Index, which is a method of estimating the overall effect of the Board's annual rent increases and vacancy increases on stabilized contract rents each guideline year (October 1 to September 30). The RGB Rent Index includes the percentage increases for one- and two-year leases, the estimated increase for vacancy leases, and increases, if applicable, due to the low rent supplement or the minimum rent. The Rent Index was 4.22% in 2005-2006, 4.38% from 2006-2007 and 3.57% from 2007-2008. Increases may actually be higher than the cumulative rent index if increases were applied for MCIs or Individual Apartment Improvements, while the cumulative rent index could also be pushed downward because it includes the impact of vacancies that are not occurring in this set of apartments. These increases were applied cumulatively to 2005 contract rents from the HVS.

To increase 2004 incomes contained in the 2005 HVS we relied on two methods – first we calculated the income increases from 2004-2006 from both the NYS Dept. of Labor and the American Community Survey. Each survey confirmed a 12-13% income increase for all households during this period (Note that the Dept. of Labor figures are an average income for all workers in New York City, regardless of residency, while the ACS is an increase in the median household income of those households residing in New York City). To adjust this figure up from 2006 income to 2007 income, we assumed a slight increase in income above the 12-13% calculated for 2004-2006 and raised the incomes of households under the age of 62 by 15%. For householders that are aged 62 or older, we used a different set of assumptions, relying entirely on increases in Social Security, which rose cumulatively by 10% between 2004 and 2007. Householders over the age of 62 may still be working, or have other members of the household that are working, just as householders under the age of 62 did not necessarily increase their income by 15% and may have had an increase substantially more or substantially less than 15%. However, these were the assumptions used for this analysis.

We then calculated contract rent-to-income ratios, derived from the 2005 HVS data, for 2008 based on the assumptions above, and then with an increase of either 3.5% or 7.0% on a one-year lease (or a \$37 or \$70 minimum for households with varying lengths of tenancy), or 5.5% or 9.5% on a two-year lease (or a \$55 or \$95 minimum for households with varying lengths of tenancy), all on top of the 2008 calculated contract rents. Note that not every household in tenancy for the periods specified would be given a minimum rent increase. Those longer-term tenants whose rent in 2008 exceeded \$1,000 a month would be subject to the percentage guidelines that all other tenants are subject to because the percentage guideline increases would exceed the minimum rent increases specified.

We also looked more closely at the number of households who do not qualify for SCRIE that would be paying

more than 30% of their income towards rent (the HUD standard of affordability) or 33.3% (the SCRIE/DRIE standard of affordability). These tables attempt to quantify how many households have "unaffordable" rent, however, as approximately two-thirds of households sign a renewal lease in any given year, the number of households in the 2008/2009 guideline year that would actually be impacted would actually be lower than the figures presented herein.

An assumption was also made that all tenants in place from 2002 and earlier are still in place and have not vacated their apartments.

Staten Island is not a part of the borough analysis of this memo because of the small sample size of the rent stabilized population there. Staten Island households are included in the citywide numbers.

**Note that this analysis excludes those households who claimed to be receiving SCRIE as they would presumably not be impacted by any increase in rent.**

### **Summary**

In summary, these charts show what will theoretically happen to contract rent-to-income ratios and rent levels if rent increases of either 3.5% for a one year lease and 5.5% for a two-year lease are passed by the Rent Guidelines Board (or 7.0% for a one-year lease and 9.5% for a two-year lease), in addition to a stipulation that households in occupancy for six years or more (or eight years or more, or ten years or more), pay at least an increase of \$35 on a one-year lease and \$55 on a two-year lease (or \$70 for a one-year lease and \$95 for a two-year lease). The charts in Sections 1 and 2 detail what will happen to contract rent-to-income ratios and rent levels for all tenants under rent stabilization, and then focuses in on just those households that would be subject to the minimum rent stipulations. The charts in Section 3 focus in on the "worst case scenario," quantifying those households not eligible for SCRIE and paying more than 30% of their income towards rent. Again, this data is all derived from the 2005 Housing and Vacancy Survey, which is now three years old, and was updated to 2008 based on the assumptions laid out in the methodology section of this memo. Different assumptions could potentially lead to different results. As stated in the methodology, in all analyses those households who claimed to be receiving SCRIE were excluded on the basis that they presumably do not pay rent increases.

Section 1 focuses on contract rent-to-income ratios. Page 5 illustrates what happens to *all* tenants when minimum increases are placed on tenants in occupancy for six years or more with a 2008 rent less than \$1,000, and a percentage guideline increase on other tenants, and Page 6 illustrates rent-to-income ratios just for those households who would be receiving the minimum increases. Comparing these two tables, we can see that for instance in 2008 all tenants had a contract rent-to-income ratio of 28.4% (Page 5), but tenants in occupancy for six years or more (with a rent less than \$1,000) had a median rent-to-income ratio of 26.0% (Page 6), 2.4 percentage points lower than all tenants. At the highest proposed increases, a minimum of \$95 for a two-year lease or 9.5%, the median contract rent-to-income ratio for all tenants is 31.7% compared to 30.4% for tenants who would receive the \$95 minimum.

Section 2 focuses on contract rents. Page 11 illustrates what happens to *all* tenants when minimum increases are placed on tenants in occupancy for six years or more with a 2008 rent less than \$1,000, and a percentage guideline increase on other tenants, and Page 12 illustrates rent-to-income ratios just for those households who would be receiving the minimum increases. Comparing these two tables, we can see that for instance in 2008 all tenants paid a median contract rent of \$958 (Page 11), but tenants in occupancy for six years or more (with a rent less than \$1,000) paid a median contract rent of \$754 (Page 6), \$204 less than all tenants. At the highest proposed increases, a minimum of \$95 for a two-year lease or 9.5%, the median contract rent for all tenants is \$1,049 compared to \$849 for tenants who would receive the \$95 minimum.

Section 3 is focused on those households whose rents would be considered "unaffordable" by either the federal HUD standard or the City's SCRIE/DRIE standards. This section quantifies the number of households not presently receiving SCRIE who should theoretically be eligible for it, and of the households who are not theoretically eligible for SCRIE, which ones have contract rent-to-income ratios in excess of either 30% or 33.3%. As we can see on Page 17, with guideline increases of 7.0% for a one-year lease, and 9.5% for a two-year lease, as well as minimum increases of \$70 or \$95 given to tenants in occupancy for six years or more, just over 408,000 households that are not eligible for SCRIE will have contract rent-to-income ratios in excess of

30%, or approximately 43-45% of non-SCRIE eligible households. However, it is important to note that the proposed guidelines do not put all of these 400,000 households into this category. As the "SCRIE Eligibility 2008" column of this table shows, approximately 357,000 people were already paying more than 30% of their income towards rent (as were 372,000 in 2005), and the proposed guidelines push *an additional* 37,000-51,000 households into "unaffordable" housing.

It should also be noted that Section 3 identifies those households that should be eligible for SCRIE (indicated by a "Yes" for a theoretical SCRIE eligibility and "No" for a theoretical SCRIE ineligibility), but according to HVS data, many households that should be eligible for SCRIE are either not applying for it or are being denied. In 2005, 91,777 rent stabilized households should have been eligible for SCRIE, but only 21,422 claimed to be receiving it, a rate of 23%. For both rent stabilized and rent controlled households, the 2005 HVS reports that 29,045 households were receiving SCRIE, while the City reports that in FY 2005 45,417 households were receiving this benefit, a rate of 64%. This means that the HVS is underestimating the number of households with SCRIE by 36%, but since less than a quarter of households eligible for SCRIE (according to the HVS) are receiving it, it's also possible that many households are eligible but not aware of this benefit. The Independent Budget Office in 2001 did a similar analysis of 1999 HVS data, which can be found at: <http://www.ibo.nyc.ny.us/newsfax/insidethebudget87.pdf>. These SCRIE-eligible households are already past the 33.3% rent-to-income ratio and if they do not apply for SCRIE will see their rent-to-income ratios grow higher.

Section 3 also looks at just those households who would be eligible for minimum increases, and their eligibility to receive SCRIE. As you can see in the chart on Page 18, in the worst-case scenario analyzed, with minimum increases of \$95 on a two-year lease for tenants in occupancy six years or more, an additional 25,000 households will move into the "unaffordable" category of housing, rising from 129,701 households to 154,773 households. In other words, if every tenant chose a 2-year lease (and historically approximately half do when signing a lease), up to 449,000 households will be paying an increase of \$95 for a two-year lease (see Pages 5, 11, or 17), with 155,000 of those households (see Page 17) paying more than 30% of their income towards rent and ineligible for SCRIE. But in 2008, the base year of analysis, almost 130,000 households, or approximately 25,000 less households, were already paying more than 30% of their income towards rent. The proposed worst-case scenario guidelines produce a net effect of 25,000 households with unaffordable rent. If we look at this same scenario with minimum increases of \$55 on a two-year lease, the figures lower considerably. If all tenants chose a two-year lease at a minimum increase of \$55 for a tenancy of six years or more, approximately 449,000 households would pay this minimum increase while other households would receive the percentage guidelines. Of these 449,000 households, approximately 144,000 would be ineligible for SCRIE and have a rent-to-income ratio in excess of 30%, an increase of 14,000 households from the base of 130,000 households in this position in 2008. Again, only approximately two-thirds of households will sign a renewal lease during the 2008/2009 guideline year, and if historical patterns hold, half will sign a one-year lease and half will sign a two-year lease.

The focus of this memo is to identify how many households would be impacted by a minimum increase in rent based on long-term tenancy, and their capacity to afford such increases. But as was touched on in the methodology and summary sections of the memo, the figures represented in the attached tables are inflated from the number of households that would actually be impacted for the following reasons:

- ∞ We assumed that all tenants that were in place in 2005, the year the survey was conducted, are still in place in 2008. We know this is not the case as the rent stabilized stock, as all other housing, is fluid and people move in and out regularly. For instance, in 2005 approximately 34% of rent stabilized tenants had moved into their apartments within the past three years and 51% had moved into their apartments in the previous six years. We have no way of knowing which households moved, but we can say that if the patterns in the 2005 HVS hold true in 2008 that there are longer-term tenants identified in the following analyses are no longer in place. DHCR reports that approximately 10% of households vacate in any given year. Whether this same turnover rate holds true for longer-term tenants is unknown.
- ∞ Not everyone signs a lease every year. Approximately 67.5% of tenants sign a lease in any given year, and just over half of those sign a one-year lease and just under half sign a two-year lease (in other words, in any given year, 35% of tenants will sign a one-year lease, 32.5% will sign a two-year lease, and 32.5% do not sign a lease at all). Those who are not signing leases during the upcoming guideline year will not be affected by this proposal. This memo analyzes the data as if every tenant signed a lease in 2008-2009, and all either signed a one-year lease or all signed a two-year lease. To get a better representation of the amount of households affected, discount the figures in the table by approximately 32.5% (the approximate number of households who do not sign a lease in a given year)

and then assume that the true figures lie somewhere in between the one- and two-year figures provided.

Other assumptions made in this memo could prove to be incorrect for a variety of reasons, including:

- ∞ We assume that even in those households who have remained in place, that their household composition and economic status is the same in 2008 as it was in 2005. In reality, even where a vacancy has not occurred, households may have lost or gained working members, leading to an increase or decrease in household income.
- ∞ Every householder who reported they were under the age of 62 was given an income increase of 15%. This is obviously a broad generalization and rent increases may be higher or lower than this figure. In addition, every householder who reported being 62 or older was given the Social Security administration income increase of 10%, which assumes that every householder 62 or older is collecting Social Security and not working.
- ∞ Rent increases were based on the cumulative RGB Rent Index, which cannot account for rent increases due to MCIs or Individual Apartment Improvements or changes in preferential rent status. However, the Rent Index may also inflate rent increases because it includes the impact of vacancy leases and for our purposes we are assuming a continuous occupancy.

Lastly, had households claiming to be receiving SCRIE been included in the analysis of contract rent-to-income ratios, median ratios would have risen as the median contract rent-to-income ratio for SCRIE households is 56.3%. But, as stated in the introduction to this memo, any rent guideline increases will not affect these households and therefore they were not included in the analyses.

Analysis follows starting on the next page:

## Section 1: Long-term Rent Stabilized Tenants, Not Receiving SCRIE, Contract Rent-to-Income Ratios

Analysis in this section includes those households not presently receiving SCRIE who have a tenancy of either six years or more, eight years or more, or ten years or more. Contract rent-to-income ratios are presented using 2005 data, 2008 data using the assumptions outlined in the introduction to this memo and within the tables, and then two different scenarios of rent increases – in the first, rents go up for a one-year lease by 3.5% for all tenants, with a minimum increase of \$35 for tenants residing in the apartment for six years or more; eight years or more; or 10 years or more. Under this scenario rents on a two-year lease go up by 5.5% for all tenants, with a minimum of \$55 for tenants residing in the apartment for six years or more; eight years or more; or 10 years or more. The second scenario assumes a different set of guideline increases – 7.0% for a one-year lease, with a \$70 minimum for tenants residing in the apartment for six years or more; eight years or more; or 10 years or more, and a two-year guidelines increase of 9.5% with a minimum increase of \$95 a month for tenants residing in the apartment for six years or more; eight years or more; or 10 years or more. In addition, this data is presented in two different ways. For each category of tenancy (i.e. six years or more, eight years or more, or 10 years or more), we look at contract rents for all rent stabilized households not receiving SCRIE and then at only those households who will be subject to minimum increases (i.e. only those households with a tenancy of six years or more and paying a minimum of \$35 for a one-year lease, etc.)

Contract Rent-to-Income Ratios for **All Tenants Not Receiving SCRIE**, with minimum increases for tenants in place **six** years or more and either 3.5%/5.5% increases *or* 7.0%/9.5% for all other tenants

Borough	Including Minimum Increases for Tenants with "x" Years Living in Apartment	Number of Households (# valid and missing*)	present (2005) median contract rent-to-income ratio	adjusted median contract rent-to-income ratio (adjusted 2008 rent/2007 income)	One-Year Lease hypothetical median contract rent-to-income ratio after minimum increase of <b>\$35</b> (or guideline increases of 3.5%)	Two-Year Lease hypothetical median contract rent-to-income ratio after minimum increase of <b>\$55</b> (or guideline increases of 5.5%)	One-Year Lease hypothetical median contract rent-to-income ratio after minimum increase of <b>\$70</b> (or guideline increases of 7.0%)	Two-Year Lease hypothetical median contract rent-to-income ratio after minimum increase of <b>\$95</b> (or guideline increases of 9.5%)
Bronx	6 Years or More	Valid 199,941 Missing* 12,091 Total <b>212,032</b>	31.6%	31.0%	32.9%	33.6%	34.4%	35.5%
Brooklyn	6 Years or More	Valid 248,488 Missing* 16,235 Total <b>264,723</b>	30.0%	29.4%	30.6%	31.3%	31.8%	32.9%
Manhattan	6 Years or More	Valid 285,827 Missing* 32,626 Total <b>318,453</b>	26.2%	25.7%	26.8%	27.4%	27.8%	28.6%
Queens	6 Years or More	Valid 182,979 Missing* 7,929 Total <b>190,908</b>	29.6%	29.3%	30.4%	31.0%	31.4%	32.2%
<b>Citywide</b>	<b>6 Years or More</b>	<b>Valid 924,999</b> <b>Missing* 69,234</b> <b>Total 994,233</b>	<b>28.8%</b>	<b>28.4%</b>	<b>29.6%</b>	<b>30.3%</b>	<b>30.8%</b>	<b>31.7%</b>

\* Missing refers to households whose contract rent-to-income ratios could not be calculated, either because rent and/or income information was not reported to the Census Bureau or because they had an income level that was "topcoded" by the Census Bureau for privacy purposes, meaning an exact income figure could not be obtained.

**Contract Rent-to-Income Ratios for Tenants with a Tenancy of Six Years or More Who Will be Eligible to Receive Minimum Increases of \$35 on a One-Year Lease or \$55 on a Two-Year Lease; or \$70 for a One-Year Lease and \$95 for a Two-Year Lease, Not Receiving SCRIE**

Borough	Including Minimum Increases for Tenants with "x" Years Living in Apartment	Number of Households (# valid and missing*)	present (2005) median contract rent-to-income ratio	adjusted median contract rent-to-income ratio (adjusted 2008 rent/2007 income)	<b>One-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$35</b>	<b>Two-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$55</b>	<b>One-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$70</b>	<b>Two-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$95</b>
Bronx	6 Years or More	Valid 120,865 Missing* 4,938 Total <b>125,803</b>	28.8%	28.5%	29.7%	30.5%	32.1%	33.0%
Brooklyn	6 Years or More	Valid 127,286 Missing* 6,015 Total <b>133,301</b>	27.2%	27.0%	28.1%	28.9%	29.6%	31.0%
Manhattan	6 Years or More	Valid 106,919 Missing* 7,210 Total <b>114,129</b>	23.5%	23.3%	24.6%	25.4%	26.0%	27.0%
Queens	6 Years or More	Valid 70,367 Missing* 1,942 Total <b>72,309</b>	27.1%	26.9%	28.2%	29.0%	29.6%	30.5%
<b>Citywide</b>	<b>6 Years or More</b>	<b>Valid 428,995</b> <b>Missing* 20,106</b> <b>Total 449,101</b>	<b>26.3%</b>	<b>26.0%</b>	<b>27.5%</b>	<b>28.6%</b>	<b>29.3%</b>	<b>30.4%</b>

\* Missing refers to households whose contract rent-to-income ratios could not be calculated, either because rent and/or income information was not reported to the Census Bureau or because they had an income level that was "topcoded" by the Census Bureau for privacy purposes, meaning an exact income figure could not be obtained.

Contract Rent-to-Income Ratios for **All Tenants Not Receiving SCRIE**, with minimum increases for tenants in place **eight** years or more and either 3.5%/5.5% increases or 7.0%/9.5% for all other tenants

Borough	Including Minimum Increases for Tenants with "x" Years Living in Apartment	Number of Households (# valid and missing*)	present (2005) median contract rent-to-income ratio	adjusted median contract rent-to-income ratio (adjusted 2008 rent/2007 income)	<b>One-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$35</b> (or guideline increases of 3.5%)	<b>Two-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$55</b> (or guideline increases of 5.5%)	<b>One-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$70</b> (or guideline increases of 7.0%)	<b>Two-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$95</b> (or guideline increases of 9.5%)
Bronx	8 Years or More	Valid 199,941 Missing* 12,091 Total <b>212,032</b>	31.6%	31.0%	32.6%	33.5%	34.3%	35.4%
Brooklyn	8 Years or More	Valid 248,488 Missing* 16,235 Total <b>264,723</b>	30.0%	29.4%	30.6%	31.3%	31.8%	32.9%
Manhattan	8 Years or More	Valid 285,827 Missing* 32,626 Total <b>318,453</b>	26.2%	25.7%	26.8%	27.4%	27.8%	28.6%
Queens	8 Years or More	Valid 182,979 Missing* 7,929 Total <b>190,908</b>	29.6%	29.3%	30.4%	31.0%	31.4%	32.2%
<b>Citywide</b>	<b>8 Years or More</b>	<b>Valid 924,999</b> <b>Missing* 69,234</b> <b>Total 994,233</b>	<b>28.8%</b>	<b>28.4%</b>	<b>29.6%</b>	<b>30.3%</b>	<b>30.8%</b>	<b>31.7%</b>

\* Missing refers to households whose contract rent-to-income ratios could not be calculated, either because rent and/or income information was not reported to the Census Bureau or because they had an income level that was "topcoded" by the Census Bureau for privacy purposes, meaning an exact income figure could not be obtained.

**Contract Rent-to-Income Ratios for Tenants with a Tenancy of *Eight Years or More* Who Will be Eligible to Receive Minimum Increases of *\$35* on a One-Year Lease or *\$55* on a Two-Year Lease; or *\$70* for a One-Year Lease and *\$95* for a Two-Year Lease, Not Receiving SCRIE**

Borough	Including Minimum Increases for Tenants with "x" Years Living in Apartment	Number of Households (# valid and missing*)	present (2005) median contract rent-to-income ratio	adjusted median contract rent-to-income ratio (adjusted 2008 rent/2007 income)	<b>One-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$35</b>	<b>Two-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$55</b>	<b>One-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$70</b>	<b>Two-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$95</b>
Bronx	8 Years or More	Valid 96,793 Missing* 3,788 Total <b>100,580</b>	29.2%	29.4%	30.8%	31.9%	32.5%	34.2%
Brooklyn	8 Years or More	Valid 110,500 Missing* 4,233 Total <b>114,733</b>	27.5%	27.1%	28.2%	29.2%	29.9%	31.3%
Manhattan	8 Years or More	Valid 97,926 Missing* 6,827 Total <b>104,753</b>	23.6%	23.5%	24.7%	25.6%	26.3%	27.1%
Queens	8 Years or More	Valid 63,960 Missing* 1,746 Total <b>65,706</b>	27.4%	27.2%	28.4%	29.2%	29.7%	30.6%
<b>Citywide</b>	<b>8 Years or More</b>	<b>Valid 371,850</b> <b>Missing* 16,595</b> <b>Total 388,445</b>	<b>26.4%</b>	<b>26.1%</b>	<b>27.7%</b>	<b>28.8%</b>	<b>29.4%</b>	<b>30.6%</b>

\* Missing refers to households whose contract rent-to-income ratios could not be calculated, either because rent and/or income information was not reported to the Census Bureau or because they had an income level that was "topcoded" by the Census Bureau for privacy purposes, meaning an exact income figure could not be obtained.

Contract Rent-to-Income Ratios for **All Tenants Not Receiving SCRIE**, with minimum increases for tenants in place **ten** years or more and either 3.5%/5.5% increases *or* 7.0%/9.5% for all other tenants

Borough	Including Minimum Increases for Tenants with "x" Years Living in Apartment	Number of Households (# valid and missing*)	present (2005) median contract rent-to-income ratio	adjusted median contract rent-to-income ratio (adjusted 2008 rent/2007 income)	<b>One-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$35</b> (or guideline increases of 3.5%)	<b>Two-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$55</b> (or guideline increases of 5.5%)	<b>One-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$70</b> (or guideline increases of 7.0%)	<b>Two-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$95</b> (or guideline increases of 9.5%)
Bronx	10 Years or More	Valid 199,941 Missing* 12,091 Total <b>212,032</b>	31.6%	31.0%	32.5%	33.4%	34.3%	35.1%
Brooklyn	10 Years or More	Valid 248,488 Missing* 16,235 Total <b>264,723</b>	30.0%	29.4%	30.6%	31.3%	31.8%	32.8%
Manhattan	10 Years or More	Valid 285,827 Missing* 32,626 Total <b>318,453</b>	26.2%	25.7%	26.8%	27.4%	27.8%	28.6%
Queens	10 Years or More	Valid 182,979 Missing* 7,929 Total <b>190,908</b>	29.6%	29.3%	30.4%	31.0%	31.4%	32.2%
<b>Citywide</b>	<b>10 Years or More</b>	<b>Valid 924,999</b> <b>Missing* 69,234</b> <b>Total 994,233</b>	<b>28.8%</b>	<b>28.4%</b>	<b>29.6%</b>	<b>30.2%</b>	<b>30.7%</b>	<b>31.6%</b>

\* Missing refers to households whose contract rent-to-income ratios could not be calculated, either because rent and/or income information was not reported to the Census Bureau or because they had an income level that was "topcoded" by the Census Bureau for privacy purposes, meaning an exact income figure could not be obtained.

Contract Rent-to-Income Ratios for **Tenants with a Tenancy of Ten Years or More Who Will be Eligible to Receive Minimum Increases of \$35 on a One-Year Lease or \$55 on a Two-Year Lease; or \$70 for a One-Year Lease and \$95 for a Two-Year Lease**, Not Receiving SCRIE

Borough	Including Minimum Increases for Tenants with "x" Years Living in Apartment	Number of Households (# valid and missing*)	present (2005) median contract rent-to-income ratio	adjusted median contract rent-to-income ratio (adjusted 2008 rent/2007 income)	<b>One-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$35</b>	<b>Two-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$55</b>	<b>One-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$70</b>	<b>Two-Year Lease</b> hypothetical median contract rent-to-income ratio after minimum increase of <b>\$95</b>
Bronx	10 Years or More	Valid 74,118 Missing* 2,441 Total <b>76,559</b>	27.9%	27.4%	29.6%	30.2%	30.7%	32.9%
Brooklyn	10 Years or More	Valid 92,502 Missing* 3,947 Total <b>96,449</b>	28.2%	27.7	28.9%	29.8%	30.6%	31.7%
Manhattan	10 Years or More	Valid 87,367 Missing* 6,003 Total <b>93,369</b>	23.9%	23.5%	25.3%	25.9%	26.6%	27.4%
Queens	10 Years or More	Valid 56,160 Missing* 1,552 Total <b>57,712</b>	27.1%	26.8%	28.2%	28.8%	29.4%	30.3%
<b>Citywide</b>	<b>10 Years or More</b>	<b>Valid 312,277</b> <b>Missing* 13,943</b> <b>Total 326,219</b>	<b>26.3%</b>	<b>25.9%</b>	<b>27.7%</b>	<b>28.7%</b>	<b>29.4%</b>	<b>30.5%</b>

\* Missing refers to households whose contract rent-to-income ratios could not be calculated, either because rent and/or income information was not reported to the Census Bureau or because they had an income level that was "topcoded" by the Census Bureau for privacy purposes, meaning an exact income figure could not be obtained.

## Section 2: Long-term Rent Stabilized Tenants, Not Receiving SCRIE, Median Contract Rent Levels

As in Section 1, analysis in this section includes those households not presently receiving SCRIE who have a tenancy of either six years or more, eight years or more, or ten years or more. Contract rents are presented using 2005 data, 2008 data using the assumptions outlined in the introduction to this memo and within the tables, and then two different scenarios of rent increases – in the first, rents go up for a one-year lease by 3.5% for all tenants, with a minimum increase of \$35 for tenants residing in the apartment for six years or more; eight years or more; or 10 years or more. Under this scenario rents on a two-year lease go up by 5.5% for all tenants, with a minimum of \$55 for tenants residing in the apartment for six years or more; eight years or more; or 10 years or more. The second scenario assumes a different set of guideline increases – 7.0% for a one-year lease, with a \$70 minimum for tenants residing in the apartment for six years or more; eight years or more; or 10 years or more, and a two-year guidelines increase of 9.5% with a minimum increase of \$95 a month for tenants residing in the apartment for six years or more; eight years or more; or 10 years or more. In addition, this data is presented in two different ways. For each category of tenancy (i.e. six years or more, eight years or more, or 10 years or more), we look at contract rents for all rent stabilized households not receiving SCRIE and then at only those households who will be subject to minimum increases (i.e. only those households with a tenancy of six years or more and paying a minimum of \$35 for a one-year lease, etc.)

Median Contract Rents for **All Tenants Not Receiving SCRIE**, with minimum increases for tenants in place **six** years or more and either 3.5%/5.5% increases *or* 7.0%/9.5% for all other tenants

Borough	Including Minimum Increases for Tenants with "x" Years Living in Apartment	Number of Households (# valid and missing*)	present (2005) median rent	adjusted median contract rent: 2005 median contract rent * RGB 2005-2006 rent index (4.22%) * RGB 2006-2007 rent index (4.38%) * RGB 2007-2008 rent index (3.57%)	One-Year Lease hypothetical median rent after minimum increase of <b>\$35</b> (or guideline increases of 3.5%)	Two-Year Lease hypothetical median rent after minimum increase of <b>\$55</b> (or guideline increases of 5.5%)	One-Year Lease hypothetical median rent after minimum increase of <b>\$70</b> (or guideline increases of 7.0%)	Two-Year Lease hypothetical median rent after minimum increase of <b>\$95</b> (or guideline increases of 9.5%)
Bronx	6 Years or More	Valid 208,218 Missing* 3,814 Total <b>212,032</b>	\$750	\$845	\$878	\$897	\$912	\$936
Brooklyn	6 Years or More	Valid 261,928 Missing* 2,795 Total <b>264,723</b>	\$818	\$922	\$957	\$977	\$992	\$1,017
Manhattan	6 Years or More	Valid 311,235 Missing* 7,218 Total <b>318,453</b>	\$980	\$1,104	\$1,143	\$1,165	\$1,181	\$1,209
Queens	6 Years or More	Valid 189,118 Missing* 1,791 Total <b>190,909</b>	\$900	\$1,014	\$1,050	\$1,070	\$1,085	\$1,110
<b>Citywide</b>	<b>6 Years or More</b>	<b>Valid 978,263</b> <b>Missing* 15,970</b> <b>Total 994,233</b>	<b>\$850</b>	<b>\$958</b>	<b>\$991</b>	<b>\$1,010</b>	<b>\$1,025</b>	<b>\$1,049</b>

\* Missing refers to households whose contract rents could not be calculated, either because rent information was not reported to the Census Bureau or because they had a rent level that was "topcoded" by the Census Bureau for privacy purposes, meaning an exact rent figure could not be obtained.

Median Contract Rents for **Tenants with a Tenancy of Six Years or More Who Will be Eligible to Receive Minimum Increases of \$35 on a One-Year Lease or \$55 on a Two-Year Lease; or \$70 for a One-Year Lease and \$95 for a Two-Year Lease, Not Receiving SCRIE**

Borough	Including Minimum Increases for Tenants with "x" Years Living in Apartment	Number of Households (# valid and missing*)	present (2005) median rent	adjusted median contract rent: 2005 median contract rent * RGB 2005-2006 rent index (4.22%) * RGB 2006-2007 rent index (4.38%) * RGB 2007-2008 rent index (3.57%)	One-Year Lease hypothetical median rent after minimum increase of <b>\$35</b>	Two-Year Lease hypothetical median rent after minimum increase of <b>\$55</b>	One-Year Lease hypothetical median rent after minimum increase of <b>\$70</b>	Two-Year Lease hypothetical median rent after minimum increase of <b>\$95</b>
Bronx	6 Years or More	Valid 125,803 Missing* 0 Total <b>125,803</b>	\$660	\$744	\$779	\$799	\$814	\$839
Brooklyn	6 Years or More	Valid 133,301 Missing* 0 Total <b>133,301</b>	\$675	\$761	\$796	\$816	\$831	\$856
Manhattan	6 Years or More	Valid 114,129 Missing* 0 Total <b>114,129</b>	\$612	\$690	\$725	\$745	\$760	\$785
Queens	6 Years or More	Valid 72,309 Missing* 0 Total <b>72,309</b>	\$720	\$811	\$846	\$866	\$881	\$906
<b>Citywide</b>	<b>6 Years or More</b>	<b>Valid 449,101</b> <b>Missing* 0</b> <b>Total 449,101</b>	<b>\$669</b>	<b>\$754</b>	<b>\$789</b>	<b>\$809</b>	<b>\$824</b>	<b>\$849</b>

\* Missing refers to households whose contract rents could not be calculated, either because rent information was not reported to the Census Bureau or because they had a rent level that was "topcoded" by the Census Bureau for privacy purposes, meaning an exact rent figure could not be obtained.

Median Contract Rents for **All Tenants Not Receiving SCRIE**, with minimum increases for tenants in place *eight* years or more and either 3.5%/5.5% increases *or* 7.0%/9.5% for all other tenants

Borough	Including Minimum Increases for Tenants with "x" Years Living in Apartment	Number of Households (# valid and missing*)	present (2005) median rent	adjusted median contract rent: 2005 median contract rent * RGB 2005-2006 rent index (4.22%) * RGB 2006-2007 rent index (4.38%) * RGB 2007-2008 rent index (3.57%)	One-Year Lease hypothetical median rent after minimum increase of <b>\$35</b> (or guideline increases of 3.5%)	Two-Year Lease hypothetical median rent after minimum increase of <b>\$55</b> (or guideline increases of 5.5%)	One-Year Lease hypothetical median rent after minimum increase of <b>\$70</b> (or guideline increases of 7.0%)	Two-Year Lease hypothetical median rent after minimum increase of <b>\$95</b> (or guideline increases of 9.5%)
Bronx	8 Years or More	Valid 208,218 Missing* 3,814 Total <b>212,032</b>	\$750	\$845	\$875	\$894	\$907	\$931
Brooklyn	8 Years or More	Valid 261,928 Missing* 2,795 Total <b>264,723</b>	\$818	\$922	\$956	\$976	\$991	\$1,016
Manhattan	8 Years or More	Valid 311,235 Missing* 7,218 Total <b>318,453</b>	\$980	\$1,104	\$1,143	\$1,165	\$1,181	\$1,209
Queens	8 Years or More	Valid 189,118 Missing* 1,791 Total <b>190,909</b>	\$900	\$1,014	\$1,050	\$1,070	\$1,085	\$1,110
<b>Citywide</b>	<b>8 Years or More</b>	<b>Valid 978,263</b> <b>Missing* 15,970</b> <b>Total 994,233</b>	<b>\$850</b>	<b>\$958</b>	<b>\$991</b>	<b>\$1,010</b>	<b>\$1,025</b>	<b>\$1,049</b>

\* Missing refers to households whose contract rents could not be calculated, either because rent information was not reported to the Census Bureau or because they had a rent level that was "topcoded" by the Census Bureau for privacy purposes, meaning an exact rent figure could not be obtained.

Median Contract Rents for **Tenants with a Tenancy of *Eight Years or More* Who Will be Eligible to Receive Minimum Increases of *\$35* on a One-Year Lease or *\$55* on a Two-Year Lease; or *\$70* for a One-Year Lease and *\$95* for a Two-Year Lease**, Not Receiving SCRIE

Borough	Including Minimum Increases for Tenants with "x" Years Living in Apartment	Number of Households (# valid and missing*)	present (2005) median rent	adjusted median contract rent: 2005 median contract rent * RGB 2005-2006 rent index (4.22%) * RGB 2006-2007 rent index (4.38%) * RGB 2007-2008 rent index (3.57%)	One-Year Lease hypothetical median rent after minimum increase of <b>\$35</b>	Two-Year Lease hypothetical median rent after minimum increase of <b>\$55</b>	One-Year Lease hypothetical median rent after minimum increase of <b>\$70</b>	Two-Year Lease hypothetical median rent after minimum increase of <b>\$95</b>
Bronx	8 Years or More	Valid 100,580 Missing* 0 Total <b>100,580</b>	\$650	\$732	\$767	\$787	\$802	\$827
Brooklyn	8 Years or More	Valid 114,733 Missing* 0 Total <b>114,733</b>	\$662	\$746	\$781	\$801	\$816	\$841
Manhattan	8 Years or More	Valid 104,753 Missing* 0 Total <b>104,753</b>	\$614	\$692	\$727	\$747	\$762	\$787
Queens	8 Years or More	Valid 65,706 Missing* 0 Total <b>65,706</b>	\$707	\$797	\$832	\$852	\$867	\$892
<b>Citywide</b>	<b>8 Years or More</b>	<b>Valid 388,445</b> <b>Missing* 0</b> <b>Total 388,445</b>	<b>\$657</b>	<b>\$740</b>	<b>\$775</b>	<b>\$795</b>	<b>\$810</b>	<b>\$835</b>

\* Missing refers to households whose contract rents could not be calculated, either because rent information was not reported to the Census Bureau or because they had a rent level that was "topcoded" by the Census Bureau for privacy purposes, meaning an exact rent figure could not be obtained.

Median Contract Rents for **All Tenants Not Receiving SCRIE**, with minimum increases for tenants in place **ten** years or more and either 3.5%/5.5% increases *or* 7.0%/9.5% for all other tenants

Borough	Including Minimum Increases for Tenants with "x" Years Living in Apartment	Number of Households (# valid and missing*)	present (2005) median rent	adjusted median contract rent: 2005 median contract rent * RGB 2005-2006 rent index (4.22%) * RGB 2006-2007 rent index (4.38%) * RGB 2007-2008 rent index (3.57%)	One-Year Lease hypothetical median rent after minimum increase of <b>\$35</b> (or guideline increases of 3.5%)	Two-Year Lease hypothetical median rent after minimum increase of <b>\$55</b> (or guideline increases of 5.5%)	One-Year Lease hypothetical median rent after minimum increase of <b>\$70</b> (or guideline increases of 7.0%)	Two-Year Lease hypothetical median rent after minimum increase of <b>\$95</b> (or guideline increases of 9.5%)
Bronx	10 Years or More	Valid 208,218 Missing* 3,814 Total <b>212,032</b>	\$750	\$845	\$875	\$891	\$904	\$925
Brooklyn	10 Years or More	Valid 261,928 Missing* 2,795 Total <b>264,723</b>	\$818	\$922	\$956	\$976	\$991	\$1,015
Manhattan	10 Years or More	Valid 311,235 Missing* 7,218 Total <b>318,453</b>	\$980	\$1,104	\$1,143	\$1,165	\$1,181	\$1,209
Queens	10 Years or More	Valid 189,118 Missing* 1,791 Total <b>190,909</b>	\$900	\$1,014	\$1,050	\$1,070	\$1,085	\$1,110
<b>Citywide</b>	<b>10 Years or More</b>	<b>Valid 978,263</b> <b>Missing* 15,970</b> <b>Total 994,233</b>	<b>\$850</b>	<b>\$958</b>	<b>\$991</b>	<b>\$1,010</b>	<b>\$1,025</b>	<b>\$1,049</b>

\* Missing refers to households whose contract rents could not be calculated, either because rent information was not reported to the Census Bureau or because they had a rent level that was "topcoded" by the Census Bureau for privacy purposes, meaning an exact rent figure could not be obtained.

Median Contract Rents for **Tenants with a Tenancy of Ten Years or More Who Will be Eligible to Receive Minimum Increases of \$35 on a One-Year Lease or \$55 on a Two-Year Lease; or \$70 for a One-Year Lease and \$95 for a Two-Year Lease, Not Receiving SCRIE**

Borough	Including Minimum Increases for Tenants with "x" Years Living in Apartment	Number of Households (# valid and missing*)	present (2005) median rent	adjusted median contract rent: 2005 median contract rent * RGB 2005-2006 rent index (4.22%) * RGB 2006-2007 rent index (4.38%) * RGB 2007-2008 rent index (3.57%)	One-Year Lease hypothetical median rent after minimum increase of <b>\$35</b>	Two-Year Lease hypothetical median rent after minimum increase of <b>\$55</b>	One-Year Lease hypothetical median rent after minimum increase of <b>\$70</b>	Two-Year Lease hypothetical median rent after minimum increase of <b>\$95</b>
Bronx	10 Years or More	Valid 76,559 Missing* 0 Total <b>76,559</b>	\$649	\$731	\$766	\$786	\$801	\$826
Brooklyn	10 Years or More	Valid 96,449 Missing* 0 Total <b>96,449</b>	\$650	\$732	\$767	\$787	\$802	\$827
Manhattan	10 Years or More	Valid 93,369 Missing* 0 Total <b>93,369</b>	\$606	\$683	\$718	\$738	\$753	\$778
Queens	10 Years or More	Valid 57,712 Missing* 0 Total <b>57,712</b>	\$700	\$789	\$824	\$844	\$859	\$884
<b>Citywide</b>	<b>10 Years or More</b>	<b>Valid 326,219</b> <b>Missing* 0</b> <b>Total 326,219</b>	<b>\$650</b>	<b>\$732</b>	<b>\$767</b>	<b>\$787</b>	<b>\$802</b>	<b>\$827</b>

\* Missing refers to households whose contract rents could not be calculated, either because rent information was not reported to the Census Bureau or because they had a rent level that was "topcoded" by the Census Bureau for privacy purposes, meaning an exact rent figure could not be obtained.

**Section 3: Long-term Rent Stabilized Tenants, Not Receiving SCRIE, By Eligibility for SCRIE**

Finally, we analyze the HVS data to see which households are not receiving SCRIE, but are theoretically eligible for it given their responses to the amount of contract rent they pay and their age and income levels. We also see how many households are not eligible for SCRIE and what percentage of those households not eligible for SCRIE would be paying more than either 30% (the HUD standard of affordability) or 33.3% (the SCRIE and DRIE standard of affordability) of their income towards rent. For each category of tenancy (i.e. six years or more, eight years or more, or 10 years or more), we look at SCRIE eligibility for all rent stabilized households not receiving SCRIE and then at only those households who will be subject to minimum increases (i.e. only those households with a tenancy of six years or more and eligible to paying a minimum of \$35 for a one-year lease, etc.). In the six "SCRIE Eligibility" columns, a "Yes" refers to the household being theoretically eligible for SCRIE, while a "No" means that based on the household's answers to questions about their age, income, and rent, they would not be eligible for SCRIE. In the gray cells, the number of households ineligible for SCRIE and paying more than 30% or 33.3% of their income is quantified, with the percentage in parentheses referring to the percentage of households with "unaffordable" rent as a proportion of households ineligible for SCRIE.

SCRIE Eligibility for **All Tenants Not Receiving SCRIE**, with minimum increases for tenants in place **six** years or more and either 3.5%/5.5% increases or 7.0%/9.5% for all other tenants, plus number of households with “unaffordable” rent who are not eligible for SCRIE

Borough	Including Minimum Increases for Tenants with “x” Years Living in Apartment	Currently Eligible for SCRIE (2005)	SCRIE Eligibility 2008	One-Year Lease SCRIE Eligibility after minimum increase of <b>\$35</b> (or guideline increases of 3.5%)	Two-Year Lease SCRIE Eligibility after minimum increase of <b>\$55</b> (or guideline increases of 5.5%)	One-Year Lease SCRIE Eligibility after minimum increase of <b>\$70</b> (or guideline increases of 7.0%)	Two-Year Lease SCRIE Eligibility after minimum increase of <b>\$95</b> (or guideline increases of 9.5%)
Bronx	6 Years or More	Yes= 12,671 No= 199,361 <b>Total= 212,032</b>	Yes= 12,671 No= 199,361 <b>Total= 212,032</b>	Yes= 13,193 No= 198,839 <b>Total= 212,032</b>	Yes= 13,193 No= 198,839 <b>Total= 212,032</b>	Yes= 13,193 No= 198,839 <b>Total= 212,032</b>	Yes= 13,822 No= 198,210 <b>Total= 212,032</b>
# not eligible for SCRIE paying more than 30% of income towards rent		93,826 (47%)	90,922 (46%)	94,534 (48%)	97,171 (49%)	98,536 (50%)	102,803 (52%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		83,458 (42%)	81,617 (41%)	85,513 (43%)	88,104 (44%)	89,265 (45%)	91,627 (46%)
Brooklyn	6 Years or More	Yes= 25,671 No= 239,052 <b>Total= 264,723</b>	Yes= 27,089 No= 237,634 <b>Total= 264,723</b>	Yes= 27,974 No= 236,750 <b>Total= 264,723</b>	Yes= 28,411 No= 236,312 <b>Total= 264,723</b>	Yes= 28,411 No= 236,312 <b>Total= 264,723</b>	Yes= 28,643 No= 236,080 <b>Total= 264,724</b>
# not eligible for SCRIE paying more than 30% of income towards rent		99,955 (42%)	94,650 (40%)	99,208 (42%)	100,738 (43%)	103,197 (44%)	107,122 (45%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		86,554 (36%)	83,928 (35%)	86,768 (37%)	88,300 (37%)	90,049 (38%)	93,503 (40%)
Manhattan	6 Years or More	Yes= 19,060 No= 299,393 <b>Total= 318,453</b>	Yes= 19,612 No= 298,842 <b>Total= 318,454</b>	Yes= 20,317 No= 298,137 <b>Total= 318,453</b>	Yes= 20,549 No= 297,904 <b>Total= 318,453</b>	Yes= 20,549 No= 297,904 <b>Total= 318,453</b>	Yes= 22,254 No= 296,200 <b>Total= 318,454</b>
# not eligible for SCRIE paying more than 30% of income towards rent		101,399 (34%)	98,077 (33%)	103,872 (35%)	108,449 (36%)	110,936 (37%)	114,252 (39%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		85,318 (28%)	83,684 (28%)	89,047 (30%)	92,198 (31%)	94,390 (32%)	96,895 (33%)
Queens	6 Years or More	Yes= 16,825 No= 174,084 <b>Total= 190,909</b>	Yes= 17,426 No= 173,483 <b>Total= 190,909</b>	Yes= 17,942 No= 172,967 <b>Total= 190,909</b>	Yes= 18,155 No= 172,754 <b>Total= 190,909</b>	Yes= 18,155 No= 172,754 <b>Total= 190,909</b>	Yes= 18,618 No= 172,291 <b>Total= 190,909</b>
# not eligible for SCRIE paying more than 30% of income towards rent		74,143 (43%)	71,357 (41%)	74,626 (43%)	77,373 (45%)	79,170 (46%)	81,692 (47%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		64,272 (37%)	63,290 (36%)	65,653(38%)	66,697 (39%)	67,539 (39%)	69,541 (40%)
<b>Citywide</b>	<b>6 Years or More</b>	<b>Yes= 75,041 No= 919,192 Total= 994,233</b>	<b>Yes= 77,612 No= 916,622 Total= 994,234</b>	<b>Yes= 80,240 No= 913,993 Total= 994,233</b>	<b>Yes= 81,123 No= 913,110 Total= 994,233</b>	<b>Yes= 82,331 No= 911,902 Total= 994,233</b>	<b>Yes= 84,367 No= 909,867 Total= 994,233</b>
# not eligible for SCRIE paying more than 30% of income towards rent		<b>371,662 (40%)</b>	<b>357,344 (39%)</b>	<b>374,577 (41%)</b>	<b>386,253 (42%)</b>	<b>394,146 (43%)</b>	<b>408,176 (45%)</b>
# not eligible for SCRIE paying more than 1/3 of income towards rent		<b>321,725 (35%)</b>	<b>314,173 (34%)</b>	<b>329,105 (36%)</b>	<b>337,421 (37%)</b>	<b>343,550 (38%)</b>	<b>353,873 (39%)</b>

SCRIE Eligibility for **Tenants with a Tenancy of Six Years or More Who Will be Eligible to Receive Minimum Increases of \$35 on a One-Year Lease or \$55 on a Two-Year Lease; or \$70 for a One-Year Lease and \$95 for a Two-Year Lease**, Not Receiving SCRIE, plus number of households with “unaffordable” rent who are not eligible for SCRIE

Borough	Including Minimum Increases for Tenants with “x” Years Living in Apartment	Currently Eligible for SCRIE (2005)	SCRIE Eligibility 2008	One-Year Lease SCRIE Eligibility after minimum increase of <b>\$35</b>	Two-Year Lease SCRIE Eligibility after minimum increase of <b>\$55</b>	One-Year Lease SCRIE Eligibility after minimum increase of <b>\$70</b>	Two-Year Lease SCRIE Eligibility after minimum increase of <b>\$95</b>
Bronx	6 Years or More	Yes= 9,164 No= 116,639 <b>Total= 125,803</b>	Yes= 9,164 No= 116,639 <b>Total= 125,803</b>	Yes= 9,687 No= 116,116 <b>Total= 125,803</b>	Yes= 9,687 No= 116,116 <b>Total= 125,803</b>	Yes= 9,929 No= 115,874 <b>Total= 125,803</b>	Yes= 10,316 No= 115,487 <b>Total= 125,803</b>
# not eligible for SCRIE paying more than 30% of income towards rent		49,884 (43%)	48,179 (41%)	50,333 (43%)	52,173 (45%)	53,066 (46%)	55,703 (48%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		42,960 (37%)	42,420 (36%)	44,428 (38%)	46,674 (40%)	47,697 (41%)	49,765 (43%)
Brooklyn	6 Years or More	Yes= 19,356 No= 113,945 <b>Total= 133,301</b>	Yes= 20,596 No= 112,705 <b>Total= 133,301</b>	Yes= 21,684 No= 111,617 <b>Total= 133,301</b>	Yes= 21,684 No= 111,617 <b>Total= 133,301</b>	Yes= 21,684 No= 111,617 <b>Total= 133,301</b>	Yes= 21,916 No= 111,385 <b>Total= 133,301</b>
# not eligible for SCRIE paying more than 30% of income towards rent		38,880 (34%)	35,557 (32%)	38,544 (35%)	39,899 (36%)	41,398 (37%)	43,990 (39%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		32,892 (29%)	31,515 (28%)	32,705 (29%)	33,040 (30%)	34,044 (31%)	35,725 (32%)
Manhattan	6 Years or More	Yes= 13,487 No= 100,642 <b>Total= 114,129</b>	Yes= 13,655 No= 100,475 <b>Total= 114,130</b>	Yes= 14,592 No= 99,538 <b>Total= 114,129</b>	Yes= 14,592 No= 99,538 <b>Total= 114,129</b>	Yes= 15,342 No= 98,787 <b>Total= 114,129</b>	Yes= 16,107 No= 98,022 <b>Total= 114,129</b>
# not eligible for SCRIE paying more than 30% of income towards rent		26,443 (26%)	25,944 (26%)	28,208 (28%)	30,026 (30%)	31,135 (32%)	31,576 (32%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		21,781 (22%)	21,633 (22%)	22,941 (23%)	24,087 (24%)	24,586 (25%)	26,497 (27%)
Queens	6 Years or More	Yes= 12,285 No= 60,025 <b>Total= 72,309</b>	Yes= 12,491 No= 59,819 <b>Total= 72,310</b>	Yes= 13,072 No= 59,237 <b>Total= 72,309</b>	Yes= 13,072 No= 59,237 <b>Total= 72,309</b>	Yes= 13,072 No= 59,237 <b>Total= 72,309</b>	Yes= 13,535 No= 58,774 <b>Total= 72,309</b>
# not eligible for SCRIE paying more than 30% of income towards rent		19,515 (33%)	19,117 (32%)	19,749 (33%)	20,650 (35%)	21,495 (36%)	22,632 (39%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		16,396 (27%)	15,839 (26%)	17,425 (29%)	17,672 (30%)	18,077 (31%)	18,536 (32%)
Citywide	6 Years or More	<b>Yes= 54,892</b> <b>No= 394,210</b> <b>Total= 449,101</b>	<b>Yes= 56,505</b> <b>No= 392,597</b> <b>Total= 449,102</b>	<b>Yes= 59,634</b> <b>No= 389,467</b> <b>Total= 449,101</b>	<b>Yes= 59,634</b> <b>No= 389,467</b> <b>Total= 449,101</b>	<b>Yes= 60,842</b> <b>No= 388,260</b> <b>Total= 449,101</b>	<b>Yes= 62,688</b> <b>No= 386,413</b> <b>Total= 449,101</b>
# not eligible for SCRIE paying more than 30% of income towards rent		<b>135,625 (34%)</b>	<b>129,701 (33%)</b>	<b>137,739 (35%)</b>	<b>143,837 (37%)</b>	<b>147,966 (38%)</b>	<b>154,773 (40%)</b>
# not eligible for SCRIE paying more than 1/3 of income towards rent		<b>114,718 (29%)</b>	<b>111,884 (28%)</b>	<b>118,187 (30%)</b>	<b>122,161 (31%)</b>	<b>125,277 (32%)</b>	<b>131,394 (34%)</b>

SCRIE Eligibility for **All Tenants Not Receiving SCRIE**, with minimum increases for tenants in place **eight** years or more and either 3.5%/5.5% increases or 7.0%/9.5% for all other tenants, plus number of households with “unaffordable” rent who are not eligible for SCRIE

Borough	Including Minimum Increases for Tenants with “x” Years Living in Apartment	Currently Eligible for SCRIE (2005)	SCRIE Eligibility 2008	One-Year Lease SCRIE Eligibility after minimum increase of <b>\$35</b> (or guideline increases of 3.5%)	Two-Year Lease SCRIE Eligibility after minimum increase of <b>\$55</b> (or guideline increases of 5.5%)	One-Year Lease SCRIE Eligibility after minimum increase of <b>\$70</b> (or guideline increases of 7.0%)	Two-Year Lease SCRIE Eligibility after minimum increase of <b>\$95</b> (or guideline increases of 9.5%)
Bronx	8 Years or More	Yes= 12,671 No= 199,361 <b>Total= 212,032</b>	Yes= 12,671 No= 199,361 <b>Total= 212,032</b>	Yes= 13,193 No= 198,839 <b>Total= 212,032</b>	Yes= 13,193 No= 198,839 <b>Total= 212,032</b>	Yes= 13,435 No= 198,597 <b>Total= 212,032</b>	Yes= 13,822 No= 198,210 <b>Total= 212,032</b>
# not eligible for SCRIE paying more than 30% of income towards rent		93,826 (47%)	90,922 (46%)	94,534 (48%)	96,953 (49%)	98,155 (49%)	101,831 (51%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		83,458 (42%)	81,617 (41%)	84,929 (43%)	87,295 (44%)	88,365 (44%)	90,869 (46%)
Brooklyn	8 Years or More	Yes= 25,671 No= 239,052 <b>Total= 264,723</b>	Yes= 27,089 No= 237,634 <b>Total= 264,723</b>	Yes= 27,974 No= 236,750 <b>Total= 264,723</b>	Yes= 28,411 No= 236,312 <b>Total= 264,723</b>	Yes= 28,411 No= 236,312 <b>Total= 264,723</b>	Yes= 28,643 No= 236,080 <b>Total= 264,724</b>
# not eligible for SCRIE paying more than 30% of income towards rent		99,955 (42%)	94,650 (40%)	99,208 (42%)	100,365 (42%)	102,954 (44%)	107,122 (45%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		86,554 (36%)	83,928 (35%)	86,768 (37%)	88,300 (37%)	89,862 (38%)	93,503 (40%)
Manhattan	8 Years or More	Yes= 19,060 No= 299,393 <b>Total= 318,453</b>	Yes= 19,612 No= 298,842 <b>Total= 318,454</b>	Yes= 20,317 No= 298,137 <b>Total= 318,453</b>	Yes= 20,549 No= 297,904 <b>Total= 318,453</b>	Yes= 21,299 No= 297,154 <b>Total= 318,453</b>	Yes= 22,074 No= 296,380 <b>Total= 318,454</b>
# not eligible for SCRIE paying more than 30% of income towards rent		101,399 (34%)	98,077 (33%)	103,692 (35%)	108,269 (36%)	110,936 (37%)	114,431 (39%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		85,318 (28%)	83,684 (28%)	89,047 (30%)	92,198 (31%)	94,390 (32%)	96,690 (33%)
Queens	8 Years or More	Yes= 16,825 No= 174,084 <b>Total= 190,909</b>	Yes= 17,426 No= 173,483 <b>Total= 190,909</b>	Yes= 17,942 No= 172,967 <b>Total= 190,909</b>	Yes= 18,155 No= 172,754 <b>Total= 190,909</b>	Yes= 18,155 No= 172,754 <b>Total= 190,909</b>	Yes= 18,618 No= 172,291 <b>Total= 190,909</b>
# not eligible for SCRIE paying more than 30% of income towards rent		74,143 (43%)	71,357 (41%)	74,626 (43%)	77,373 (45%)	79,170 (46%)	81,474 (47%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		64,272 (37%)	63,290 (36%)	65,653 (38%)	66,697 (39%)	67,539 (39%)	69,541 (40%)
<b>Citywide</b>	<b>8 Years or More</b>	<b>Yes= 75,041 No= 919,192 Total= 994,233</b>	<b>Yes= 77,612 No= 916,622 Total= 994,234</b>	<b>Yes= 80,240 No= 913,993 Total= 994,233</b>	<b>Yes= 81,123 No= 913,110 Total= 994,233</b>	<b>Yes= 82,331 No= 911,902 Total= 994,233</b>	<b>Yes= 84,187 No= 910,046 Total= 994,233</b>
# not eligible for SCRIE paying more than 30% of income towards rent		<b>371,662 (40%)</b>	<b>357,344 (39%)</b>	<b>374,397 (41%)</b>	<b>385,483 (42%)</b>	<b>393,522 (43%)</b>	<b>407,165 (45%)</b>
# not eligible for SCRIE paying more than 1/3 of income towards rent		<b>321,725 (35%)</b>	<b>314,173 (34%)</b>	<b>328,520 (36%)</b>	<b>336,612 (37%)</b>	<b>342,462 (38%)</b>	<b>352,910 (39%)</b>

SCRIE Eligibility for **Tenants with a Tenancy of Eight Years or More Who Will be Eligible to Receive Minimum Increases of \$35 on a One-Year Lease or \$55 on a Two-Year Lease; or \$70 for a One-Year Lease and \$95 for a Two-Year Lease**, Not Receiving SCRIE, plus number of households with “unaffordable” rent who are not eligible for SCRIE

Borough	Including Minimum Increases for Tenants with “x” Years Living in Apartment	Currently Eligible for SCRIE (2005)	SCRIE Eligibility 2008	One-Year Lease SCRIE Eligibility after minimum increase of <b>\$35</b>	Two-Year Lease SCRIE Eligibility after minimum increase of <b>\$55</b>	One-Year Lease SCRIE Eligibility after minimum increase of <b>\$70</b>	Two-Year Lease SCRIE Eligibility after minimum increase of <b>\$95</b>
Bronx	8 Years or More	Yes= 9,016 No= 91,565 <b>Total= 100,581</b>	Yes= 9,016 No= 91,565 <b>Total= 100,581</b>	Yes= 9,538 No= 91,042 <b>Total= 100,581</b>	Yes= 9,538 No= 91,042 <b>Total= 100,581</b>	Yes= 9,780 No= 90,800 <b>Total= 100,581</b>	Yes= 10,167 No= 90,413 <b>Total= 100,581</b>
# not eligible for SCRIE paying more than 30% of income towards rent		39,078 (43%)	37,694 (41%)	39,527 (43%)	40,943 (45%)	41,454 (46%)	43,314 (48%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		34,092 (37%)	33,551 (37%)	34,975 (38%)	36,470 (40%)	37,218 (41%)	38,958 (43%)
Brooklyn	8 Years or More	Yes= 18,912 No= 95,822 <b>Total= 114,734</b>	Yes= 20,151 No= 94,582 <b>Total= 114,733</b>	Yes= 20,591 No= 94,142 <b>Total= 114,733</b>	Yes= 21,029 No= 93,704 <b>Total= 114,733</b>	Yes= 21,029 No= 93,704 <b>Total= 114,733</b>	Yes= 21,260 No= 93,473 <b>Total= 114,733</b>
# not eligible for SCRIE paying more than 30% of income towards rent		32,044 (33%)	28,722 (30%)	31,920 (34%)	32,711 (35%)	33,967 (36%)	36,419 (39%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		26,455 (28%)	25,481 (27%)	26,268 (28%)	26,603 (28%)	27,420 (29%)	29,100 (31%)
Manhattan	8 Years or More	Yes= 12,960 No= 91,793 <b>Total= 104,753</b>	Yes= 13,127 No= 91,626 <b>Total= 104,753</b>	Yes= 13,832 No= 90,921 <b>Total= 104,753</b>	Yes= 14,064 No= 90,689 <b>Total= 104,753</b>	Yes= 14,815 No= 89,939 <b>Total= 104,753</b>	Yes= 15,400 No= 89,353 <b>Total= 104,753</b>
# not eligible for SCRIE paying more than 30% of income towards rent		23,544 (26%)	23,250 (25%)	25,130 (28%)	26,948 (30%)	28,056 (31%)	28,677 (32%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		19,245 (21%)	19,097 (21%)	20,247 (22%)	21,393 (24%)	21,892 (24%)	23,598 (26%)
Queens	8 Years or More	Yes= 12,285 No= 53,421 <b>Total= 65,706</b>	Yes= 12,491 No= 53,215 <b>Total= 65,706</b>	Yes= 12,859 No= 52,847 <b>Total= 65,706</b>	Yes= 13,072 No= 59,237 <b>Total= 65,706</b>	Yes= 13,072 No= 59,237 <b>Total= 65,706</b>	Yes= 13,535 No= 58,774 <b>Total= 65,706</b>
# not eligible for SCRIE paying more than 30% of income towards rent		16,949 (32%)	16,551 (31%)	17,184 (33%)	17,872 (30%)	18,717 (32%)	19,636 (33%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		13,830 (26%)	13,273 (25%)	14,859 (28%)	15,107 (26%)	15,512 (26%)	15,970 (27%)
Citywide	8 Years or More	Yes= 53,771 No= 334,674 <b>Total= 388,445</b>	Yes= 55,384 No= 333,061 <b>Total= 388,445</b>	Yes= 57,419 No= 331,025 <b>Total= 388,445</b>	Yes= 58,303 No= 330,142 <b>Total= 388,445</b>	Yes= 59,510 No= 328,935 <b>Total= 388,445</b>	Yes= 61,177 No= 327,268 <b>Total= 388,445</b>
# not eligible for SCRIE paying more than 30% of income towards rent		112,180 (34%)	106,781 (32%)	114,325 (35%)	119,223 (36%)	122,728 (37%)	128,580 (39%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		93,972 (28%)	91,540 (27%)	96,699 (29%)	99,923 (30%)	102,574 (31%)	108,159 (33%)

SCRIE Eligibility for **All Tenants Not Receiving SCRIE**, with minimum increases for tenants in place **ten** years or more and either 3.5%/5.5% increases or 7.0%/9.5% for all other tenants, plus number of households with “unaffordable” rent who are not eligible for SCRIE

Borough	Including Minimum Increases for Tenants with “x” Years Living in Apartment	Currently Eligible for SCRIE (2005)	SCRIE Eligibility 2008	One-Year Lease SCRIE Eligibility after minimum increase of <b>\$35</b> (or guideline increases of 3.5%)	Two-Year Lease SCRIE Eligibility after minimum increase of <b>\$55</b> (or guideline increases of 5.5%)	One-Year Lease SCRIE Eligibility after minimum increase of <b>\$70</b> (or guideline increases of 7.0%)	Two-Year Lease SCRIE Eligibility after minimum increase of <b>\$95</b> (or guideline increases of 9.5%)
Bronx	10 Years or More	Yes= 12,671 No= 199,361 <b>Total= 212,032</b>	Yes= 12,671 No= 199,361 <b>Total= 212,032</b>	Yes= 13,193 No= 198,839 <b>Total= 212,032</b>	Yes= 13,193 No= 198,839 <b>Total= 212,032</b>	Yes= 13,435 No= 198,597 <b>Total= 212,032</b>	Yes= 13,822 No= 198,210 <b>Total= 212,032</b>
	# not eligible for SCRIE paying more than 30% of income towards rent	93,826 (47%)	90,922 (46%)	94,534 (48%)	96,742 (49%)	97,943 (49%)	101,619 (51%)
	# not eligible for SCRIE paying more than 1/3 of income towards rent	83,458 (42%)	81,617 (41%)	84,929 (43%)	86,943 (44%)	88,013 (44%)	90,482 (46%)
Brooklyn	10 Years or More	Yes= 25,671 No= 239,052 <b>Total= 264,723</b>	Yes= 27,089 No= 237,634 <b>Total= 264,723</b>	Yes= 27,974 No= 236,750 <b>Total= 264,723</b>	Yes= 28,192 No= 236,531 <b>Total= 264,723</b>	Yes= 28,192 No= 236,531 <b>Total= 264,723</b>	Yes= 28,424 No= 236,300 <b>Total= 264,724</b>
	# not eligible for SCRIE paying more than 30% of income towards rent	99,955 (42%)	94,650 (40%)	98,989 (42%)	100,585 (43%)	102,798 (43%)	106,758 (45%)
	# not eligible for SCRIE paying more than 1/3 of income towards rent	86,554 (36%)	83,928 (35%)	86,768 (37%)	88,300 (37%)	89,862 (38%)	93,334 (39%)
Manhattan	10 Years or More	Yes= 19,060 No= 299,393 <b>Total= 318,453</b>	Yes= 19,612 No= 298,842 <b>Total= 318,454</b>	Yes= 20,317 No= 298,137 <b>Total= 318,453</b>	Yes= 20,549 No= 297,904 <b>Total= 318,453</b>	Yes= 21,299 No= 297,154 <b>Total= 318,453</b>	Yes= 22,074 No= 296,380 <b>Total= 318,454</b>
	# not eligible for SCRIE paying more than 30% of income towards rent	101,399 (34%)	98,077 (33%)	103,550 (35%)	108,269 (36%)	110,936 (37%)	114,431 (39%)
	# not eligible for SCRIE paying more than 1/3 of income towards rent	85,318 (28%)	83,684 (28%)	89,047 (30%)	92,008 (31%)	94,200 (32%)	96,358 (33%)
Queens	10 Years or More	Yes= 16,825 No= 174,084 <b>Total= 190,909</b>	Yes= 17,426 No= 173,483 <b>Total= 190,909</b>	Yes= 17,942 No= 172,967 <b>Total= 190,909</b>	Yes= 18,155 No= 172,754 <b>Total= 190,909</b>	Yes= 18,155 No= 172,754 <b>Total= 190,909</b>	Yes= 18,618 No= 172,291 <b>Total= 190,909</b>
	# not eligible for SCRIE paying more than 30% of income towards rent	74,143 (43%)	71,357 (41%)	74,626 (43%)	77,373 (45%)	78,957 (46%)	81,061 (47%)
	# not eligible for SCRIE paying more than 1/3 of income towards rent	64,272 (37%)	63,290 (36%)	65,653 (38%)	66,697 (39%)	67,539 (39%)	69,541 (40%)
<b>Citywide</b>	<b>10 Years or More</b>	<b>Yes= 75,041 No= 919,192 Total= 994,233</b>	<b>Yes= 77,612 No= 916,622 Total= 994,234</b>	<b>Yes= 80,240 No= 913,993 Total= 994,233</b>	<b>Yes= 80,904 No= 913,329 Total= 994,233</b>	<b>Yes= 82,111 No= 912,122 Total= 994,233</b>	<b>Yes= 83,968 No= 910,266 Total= 994,233</b>
	# not eligible for SCRIE paying more than 30% of income towards rent	<b>371,662 (40%)</b>	<b>357,344 (39%)</b>	<b>374,036 (41%)</b>	<b>385,490 (42%)</b>	<b>392,941 (43%)</b>	<b>406,177 (45%)</b>
	# not eligible for SCRIE paying more than 1/3 of income towards rent	<b>321,725 (35%)</b>	<b>314,173 (34%)</b>	<b>328,520 (36%)</b>	<b>336,070 (37%)</b>	<b>341,920 (37%)</b>	<b>352,022 (39%)</b>

SCRIE Eligibility for **Tenants with a Tenancy of Ten Years or More Who Will be Eligible to Receive Minimum Increases of \$35 on a One-Year Lease or \$55 on a Two-Year Lease; or \$70 for a One-Year Lease and \$95 for a Two-Year Lease**, Not Receiving SCRIE, plus number of households with “unaffordable” rent who are not eligible for SCRIE

Borough	Including Minimum Increases for Tenants with “x” Years Living in Apartment	Currently Eligible for SCRIE (2005)	SCRIE Eligibility 2008	One-Year Lease SCRIE Eligibility after minimum increase of <b>\$35</b>	Two-Year Lease SCRIE Eligibility after minimum increase of <b>\$55</b>	One-Year Lease SCRIE Eligibility after minimum increase of <b>\$70</b>	Two-Year Lease SCRIE Eligibility after minimum increase of <b>\$95</b>
Bronx	10 Years or More	Yes= 7,628 No= 68,932 <b>Total= 76,560</b>	Yes= 7,628 No= 68,932 <b>Total= 76,560</b>	Yes= 8,150 No= 68,409 <b>Total= 76,560</b>	Yes= 8,150 No= 68,409 <b>Total= 76,560</b>	Yes= 8,392 No= 68,167 <b>Total= 76,560</b>	Yes= 8,779 No= 67,780 <b>Total= 76,560</b>
# not eligible for SCRIE paying more than 30% of income towards rent		27,816 (40%)	26,821 (39%)	28,110 (41%)	29,314 (43%)	29,631 (43%)	31,490 (46%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		23,997 (35%)	23,456 (34%)	24,880 (36%)	26,024 (38%)	26,771 (39%)	27,874 (41%)
Brooklyn	10 Years or More	Yes= 16,950 No= 79,498 <b>Total= 96,448</b>	Yes= 17,989 No= 78,459 <b>Total= 96,448</b>	Yes= 18,429 No= 78,019 <b>Total= 96,448</b>	Yes= 18,648 No= 77,801 <b>Total= 96,448</b>	Yes= 18,648 No= 77,801 <b>Total= 96,448</b>	Yes= 18,880 No= 77,569 <b>Total= 96,448</b>
# not eligible for SCRIE paying more than 30% of income towards rent		26,796 (34%)	23,843 (30%)	26,652 (34%)	27,483 (35%)	28,364 (36%)	30,400 (39%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		21,725 (27%)	20,951 (27%)	21,551 (28%)	21,724 (28%)	22,541 (29%)	24,052 (31%)
Manhattan	10 Years or More	Yes= 12,349 No= 81,021 <b>Total= 93,370</b>	Yes= 12,516 No= 80,854 <b>Total= 93,370</b>	Yes= 13,221 No= 80,149 <b>Total= 93,370</b>	Yes= 13,453 No= 79,916 <b>Total= 93,370</b>	Yes= 14,203 No= 79,166 <b>Total= 93,370</b>	Yes= 14,788 No= 78,581 <b>Total= 93,370</b>
# not eligible for SCRIE paying more than 30% of income towards rent		19,987 (25%)	19,883 (25%)	21,431 (27%)	23,249 (29%)	24,357 (31%)	24,978 (32%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		16,266 (20%)	16,118 (20%)	17,077 (21%)	18,033 (23%)	18,531 (23%)	19,899 (25%)
Queens	10 Years or More	Yes= 11,556 No= 46,157 <b>Total= 57,713</b>	Yes= 11,762 No= 45,951 <b>Total= 57,713</b>	Yes= 12,130 No= 45,583 <b>Total= 57,713</b>	Yes= 12,343 No= 45,369 <b>Total= 57,713</b>	Yes= 12,343 No= 45,369 <b>Total= 57,713</b>	Yes= 12,806 No= 44,906 <b>Total= 57,713</b>
# not eligible for SCRIE paying more than 30% of income towards rent		13,982 (30%)	13,585 (30%)	14,217 (31%)	14,731 (32%)	15,363 (34%)	15,869 (35%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		10,864 (24%)	10,306 (22%)	11,892 (26%)	12,140 (27%)	12,545 (28%)	13,003 (29%)
Citywide	10 Years or More	Yes= 49,081 No= 277,138 <b>Total= 326,219</b>	Yes= 50,494 No= 275,725 <b>Total= 326,219</b>	Yes= 52,529 No= 273,690 <b>Total= 388,445</b>	Yes= 53,193 No= 273,026 <b>Total= 388,445</b>	Yes= 54,401 No= 271,818 <b>Total= 388,445</b>	Yes= 56,068 No= 270,151 <b>Total= 388,445</b>
# not eligible for SCRIE paying more than 30% of income towards rent		88,797 (32%)	84,347 (31%)	90,626 (33%)	95,177 (35%)	97,899 (36%)	102,921 (38%)
# not eligible for SCRIE paying more than 1/3 of income towards rent		72,852 (26%)	70,832 (26%)	75,400 (28%)	77,921 (29%)	80,572 (30%)	85,012 (31%)

**ADJUSTMENTS FOR UNITS IN THE CATEGORY OF BUILDINGS  
COVERED BY ARTICLE 7-C OF THE MULTIPLE DWELLING LAW (LOFTS)**

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

In 1986, Abt Associates Inc. conducted an expenditure study of loft owners to construct weights for the Loft Board's index of operating costs and to determine year-to-year price changes. In subsequent years, data from the PIOC for stabilized apartments was used to compute changes in costs and to update the loft expenditure weights. This is the procedure used this year.

The increase in the Loft Index this year was 6.3%, 1.5 percentage points lower than the increase for apartments. This difference is explained by the fact that Attorney fees, which rose 2.1% and 2.3% respectively, carry much more weight for lofts than for apartments. More weight put on these components placed more downward pressure on the Loft Index.

This year's guidelines for lofts are: **3.5%** for a one-year lease and **6.5%** for a two-year lease.

**Table 11**

<b>Changes in the Price Index of Operating Costs for Lofts from 2007-08</b>	
	<b>Loft O &amp; M Price Index Change</b>
<b>All Buildings</b>	<b>6.3%</b>

Source: 2008 Price Index of Operating Costs for Rent Stabilized Apartment Houses in New York City.

**SPECIAL GUIDELINES FOR VACANCY DECONTROLLED UNITS  
ENTERING THE STABILIZED STOCK**

Pursuant to Section 26-513(b) of the New York City Administrative Code, as amended, the Rent Guidelines Board establishes a special guideline in order to aid the State Division of Housing and Community Renewal in determining fair market rents for housing accommodations that enter the stabilization system. This year, the Board set the guidelines at the greater of the following:

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

The Board concluded that for units formerly subject to rent control, either an increase to rent levels reflecting the Fair Market Rent guidelines established by the U.S. Department of Housing and Urban Development (HUD), or 50% above the maximum base rent was a desirable minimum increase. Notably, the HUD guidelines differentiate minimum rents on the basis of bedroom count.

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

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

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

**VACANCY ALLOWANCE**

As of June 15, 1997, Vacancy Allowances are now determined by a formula set forth in the State Rent Regulation Reform Act of 1997 and in Chapter 82 of the Laws of 2003.

**SUBLET ALLOWANCE**

The increase landlords are allowed to charge under Order 40 when a rent stabilized apartment is sublet by the primary tenant to another tenant on or after October 1, 2008 and on or before September 30, 2009 shall be 10%.

**VOTES**

The votes of the Board on the adopted motion pertaining to the provisions of Order #40 were as follows:

	<u>Yes</u>	<u>No</u>	<u>Abstentions</u>
Guidelines for Apartment Order #40	5	4	0

Dated: June 23, 2008

Filed with the City Clerk: June 27, 2008

\_\_\_\_\_  
Marvin Markus, Chair  
Rent Guidelines Board

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