2003 Income and Expense Study

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what's new

From 2000-01,the major components of the Income & Expense Study, revenues,costs and net operating income in rent stabilized properties all increased at rates within a range of 1.1 percentage points of each other. Average monthly rent collections and income both grew near 5%. The 2000-01 rate of growth in revenues is lower than the year before for the first time in five years.Cost growth of 4.8%,while down from the prior year's increase of 8.4%, was propelled to the second-highest rate in five years by increases in taxes and insurance. From 2000-01, revenue growth slightly outpaced the increase in costs causing net operating income (NOI is revenue remaining after operating expenses are paid) to rise by 5.9%.

In stabilized buildings,from 2000-2001:

- ✔ Rental income increased by **4.9**%.
- ✔ Total income rose by **5.2**%.
- ✔ Operating costs increased by **4.8**%.
- ✔ Net operating income grew by **5.9**%.

Introduction

As required by the Rent Stabilization Law, the Rent Guidelines Board (RGB) has analyzed the cost of operating and maintaining rental housing in New York City since 1969, as part of the process of establishing rent adjustments for stabilized apartments. Historically, the Board's primary instrument for measuring changes in prices and costs has been the Price Index of Operating Costs (PIOC), a survey of prices and costs for various goods and services required to operate and maintain rent stabilized apartment buildings.

In 1990, the RGB acquired a new data source that enabled researchers to compare PIOC-measured prices and costs with those reported by owners: Real Property Income and Expense (RPIE) statements from rent stabilized buildings collected by the NYC Department of Finance. These Income and Expense (I&E) statements, filed annually by property owners, provide detailed information on the revenues and costs of "income producing" properties. The addition of I&E statements has greatly expanded the information base used in the rent setting process. I&E statements not only describe conditions in rent stabilized housing in a given year, but also depict changes in conditions over a two-year period. Most importantly, I&E data encompasses both revenues and expenses, allowing the Board to more accurately gauge the overall economic condition of New York City's rent stabilized housing stock.

This I&E Study examines the conditions that existed in New York's rent stabilized housing market in 2001, the year for which the most recent data is available, and also the extent by which these conditions changed from 2000.

Local Law 63

The income and expense data for stabilized properties originates from Local Law 63, enacted by the New York City Council in 1986. This statute requires owners of apartment buildings and other properties to file RPIE statements with the Department of Finance annually. While certain types of properties are exempt from filing RPIE forms (cooperatives, condominiums, buildings with fewer than 11 units or with an assessed value under $80,000), the mandate produces detailed financial records on thousands of rent stabilized buildings. Although information on individual properties is strictly confidential, Department of Finance is allowed to release summary statistics of the data to the RGB.

Since 1990, the RGB has received data on samples of rent stabilized properties that file RPIE forms. Samples in the first two studies (data for 1988 and 1989) were limited to 500 buildings, because RPIE files were not automated. Upon computerization of I&E filings in 1992 (for cross-sectional data from 1990 and longitudinal data from 1989-90), the size of the samples used in RGB I&E studies has grown to more than 13,000 properties, and over 650,000 units.

Cross-Sectional Study

Rents and Income[1]

In 2001, rent stabilized property owners collected monthly rent averaging $781 per unit. As in prior years, units in pre-war buildings rented for less on average ($726 per month) than those in post-war buildings[2] ($932 per month). At the borough level, stabilized monthly rents were $1,023 in Manhattan, $696 in Queens, $616 in Brooklyn and $594 in the Bronx (as noted in the Methodology, figures for Staten Island were not included throughout the analysis due to the small number of buildings in the data sets). In Core Manhattan (the area south of East 96th and West 110th Streets), average monthly rents were $1,182 per unit while rents in Upper Manhattan were $670 per unit. Stabilized property owners in all New York City neighborhoods excluding Core Manhattan averaged rent collections of $637 per unit per month.

Many owners of stabilized buildings augment income from their apartment rents by selling services to their tenants as well as by renting commercial space. Current RPIE filings show an average monthly gross income of $868 per rent stabilized unit in 2001, with pre-war buildings earning $812 per unit and those in post-war properties earning $1,022 per unit. Gross income was highest in Core Manhattan at $1,402 per unit per month and lowest in the Bronx at $623. Monthly income per unit in the City excluding Core Manhattan was $674. These gross income figures encompass rent from stabilized apartments as well as the sale of services (e.g. laundry, vending, parking) and commercial income. Such proceeds accounted for a 10% share of the total income earned by building owners in 2001, about the same as the distributions observed in the last four I&E studies. Core Manhattan owners particularly benefit from commercial income, with 16% of their total revenues coming from commercial units and services.

In the outer boroughs, property owners did not receive as large a portion of their total income from commercial sources. When Core Manhattan is excluded from the calculation, building owners in the rest of the

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

Stabilized Rents and Income Were Highest in Core Manhattan in 2001

* See Endnote 1
Source:NYCDepartment of Finance, 2001 RPIEFilings

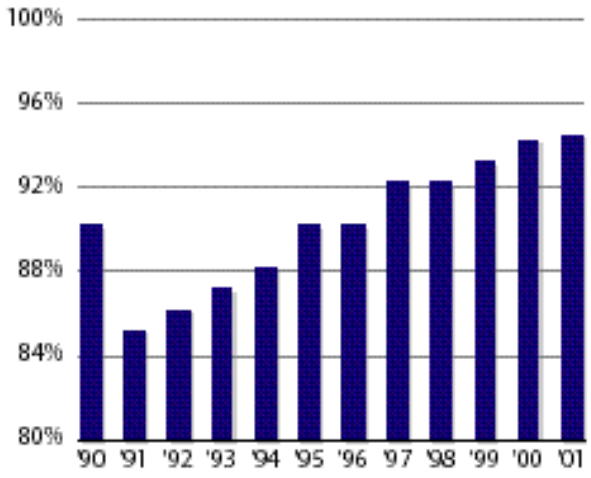
city received just 6% of their total income from commercial sources. The respective figures for the other areas were 5% in Queens and the Bronx, 4% in Brooklyn and 10% in Upper Manhattan. The graph on the previous page shows the average rent and income collected in 2001 by borough, and for the City as a whole. See Appendix 3.

Rents Comparisons

Two independent data sources, the triennial NYC Housing and Vacancy Survey (HVS) and the NYS Division of Housing and Community Renewal (DHCR) annual registration data, provide important comparative rent data to the collected rents stated in RPIE filings. Some preliminary data from the 2002 HVS is available; however, making a comparison to the 2001 RPIE data is not an ideal comparison because the data are from different years. This year, a comparison of the collected RPIE rents to stabilized rents registered with DHCR in 2001 is a good indicator of the overall rental market and reflects both how well owners are able to collect the rent roll and the prevalence of vacancies.

Average Monthly Citywide Collected Rents as a Share of Average Monthly DHCR Legal Registered Rents 1990-2001

Percentage of Legal Rent Collected Has Increased Steadily since 1991



Source:DHCRAnnual Rent Registrations; NYCDepartment of Finance, 1990-2001 RPIEFilings

Rents included in RPIE filings tend to be lower than figures obtained from the DHCR registered rents primarily because of differences in how average rents are computed. RPIE data reflects actual rent collections that account for vacancies or non-payment of rent. DHCR data consists of legal rents registered annually with the agency. Because DHCR rent data does not include vacancy and collection losses, these rents are generally higher then RPIE rent collections data. Furthermore, RPIE information reflects rents collected over a 12-month period while DHCR data reflects rents registered on April 1, 2001. In sum, despite the anomalies between these two rent indicators, the difference between RPIE rents and DHCR rents is a good estimate of vacancy and collection losses incurred by building owners. The relative change in the gap between RPIE and DHCR rents is one way of estimating the change in such losses from year to year.

Since 1991, when comparing annual RPIE and DHCR average rents, the gap between the two has contracted steadily. In fact, from 1991-2001, the difference between RPIE and DHCR rents has decreased by almost two-thirds from 15% to 5.6%. In 1991, the average RPIE collected rent was 15% lower than the average DHCR registered legal rent. In 2001, the average RPIE rent ($781) was only 5.6% less than DHCR's average rent ($827). The decreasing gap between collected and legal rent indicates that building owners still continued to collect a greater portion of their legal rent rolls in 2001 due to lower vacancies and fewer "preferential rents"[3] or non-paying tenants (see graph on this page) than they did in the early 1990s.

The gap between collected and legal rent varies widely at the borough level. In 2001, Manhattan property owners collected an average rent ($1,023) that was only 0.6% below DHCR's average legal rent for the borough ($1,029) while owners in the outer boroughs collected average rents that were 11% lower than legal rents in Queens, 12% lower in the Bronx and 14% lower in Brooklyn. At least part of this differential in the outer boroughs is due to preferential rents, offered most often when the legal stabilized rent exceeds the market rate for the area.

A final benchmark that can help place RPIE rent data in context is the RGB Rent Index, which measures the overall effect of the board's annual rent increases on

contract rents each year. As the adjacent table shows, for the past nine years, collected average rent collection increases were higher than the renewal lease increases allowed by the RGB's guidelines. However, from 2000 to 2001, RPIE rent collections increased by 4.9%, nearly identical to the increase in the RGB rent index (4.8%, adjusted for the July-June fiscal year). This suggests that although stabilized building owners continue to derive additional revenues from sources other than guideline increases, these gains may be decreasing. Other revenue sources include rent increases from individual apartment and building-wide improvements, which are not accounted for in the RGB Rent Index.

The comparison between the growth in collected rents and the increase in rent allowed by RGB guidelines has changed over time. During the recession years of the early 1990s, collected RPIE rents did not grow as quickly as DHCR legal rents or the RGB rent guidelines. This indicates that owners during this period either offered more preferential rents or were simply unable to collect the full amount allowed by the guidelines during that period. As the City's real estate market and the general economy began to recover in 1993, rent collections grew more quickly than the guidelines or legal rents, indicating a drop in vacancy and collection losses, fewer preferential rents, and more rent increases due to renovations. A longer view of the three indices shows that overall, collected rents have grown more quickly than the impact of rent guidelines or legal rents from 1991 to 2001. RPIE collected rents increased 65%, the RGB Rent Index increased 53%, and DHCR adjusted legal rents increased 49% in that period (these figures are not adjusted for inflation, see adjacent table).

RPIE Rent Collections Grew Faster than DHCR Legal Rents and the RGB Rent Index from 1991 to 2001

	RPIE Rent Growth	DHCR Rent Growth (Adjusted)	RGB Rent Index (Adjusted)
90-91	3.4%	4.8%	4.7%
91-92	3.5%	3.5%	4.0%
92-93	3.8%	2.9%	3.3%
93-94	4.5%	2.8%	3.0%
94-95	4.3%	2.5%	2.8%
95-96	4.1%	3.6%	3.8%
96-97	5.4%	4.4%	5.3%
97-98	5.5%	4.2%∞	4.2%
98-99	5.5%	3.1%∞	3.7%
99-00	6.2%	4.1%	3.9%
00-01	4.9%	4.6%	4.8%
1991 to 2001*	64.8%	48.9%	52.9%

*Not adjusted for inflation.
∞Revised from prior studies due to DHCR updates.

Source: DHCRAnnual Rent Registrations; NYC Department of Finance, 1990-2001 RPIE Filings

Operating Costs

Rent stabilized apartment buildings incur considerable expenses in the course of their operation. RPIE filings include data on eight categories of operating and maintenance (O&M) costs. In contrast to revenues, however, this data does not distinguish between expenses for commercial space and those for apartments, making the calculation of "pure" residential operating and maintenance costs impossible, except in a smaller sample of residential buildings analyzed below. Thus, the operating costs reported are comparatively high because they include maintenance costs for commercial space.

The average monthly operating cost for stabilized units was $531 in 2001. Costs were lower in units situated in pre-war buildings ($512), and substantially higher in the post-war sector ($586). Geographically, average costs were lowest in Brooklyn, the Bronx and Queens ($428, $439 and $465) and highest in

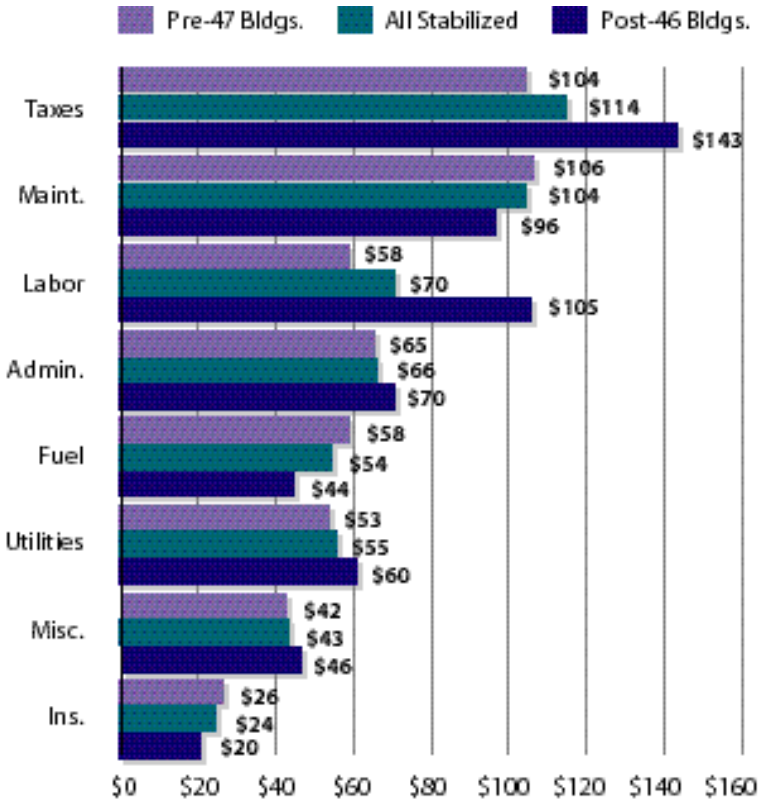
Manhattan ($674). Looking more closely at Manhattan property owners, costs for units located in Core Manhattan averaged $755 a month while the costs in Upper Manhattan were $502. The average monthly operating costs for stabilized building owners in New York City, excluding Core Manhattan, reduces the city average to $452. The graph below details average monthly expenses by cost category and building age for 2001. See Appendices 1 and 2 for a complete breakdown of costs in pre- and post-war buildings.

In 1992, Department of Finance and RGB staff tested RPIE expense data for accuracy. Initial examinations found that most "miscellaneous" costs were actually administrative or maintenance costs, while 15% were not valid business expenses. Further audits on the revenues and expenses of forty-six rent stabilized properties discovered that O&M costs stated in RPIE filings were generally exaggerated by 8%. Costs tended to be less accurate in small (11-19 units) properties and most precise for large (100+ units) buildings. However, these results are somewhat inconclusive since several owners of large stabilized properties refused to cooperate with the Department of Finance's assessors. Adjustment of the 2001 RPIE O&M cost ($531) by the results of the 1992 audits results in an average monthly O&M cost of $488 citywide and $415 on average in NYC neighborhoods outside of Core Manhattan.

Just as buildings without commercial space typically generate less revenue than stabilized properties with commercial space, operating expenses in these buildings tend to be lower on average than in buildings with a mixture of uses. This year, average audited O&M costs for units in "residential-only" buildings were $457 per month, $31 less than the audit-adjusted average ($488) for all stabilized buildings in 2001. As in previous RGB *Income and Expense Studies*, most of the difference in costs between the two types of properties stemmed from taxes, administration and utilities expenses that were respectively 13%, 8%, and 7% lower on average for buildings without commercial space than for all stabilized properties.

Average Monthly Expense per Dwelling Unit per Month

Taxes Are the Largest Expense in 2001



Source:NYCDepartment of Finance, 2001 RPIEFilings

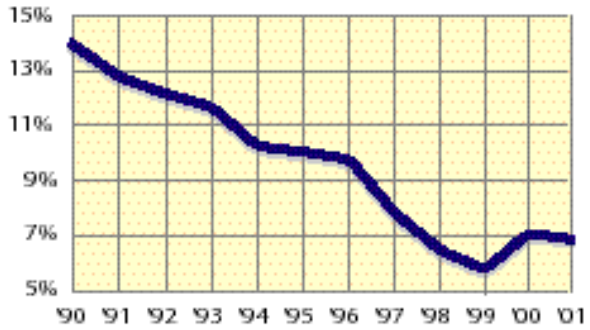
Components of Operating Costs

In 2001, almost two-thirds of total expenses in stabilized buildings were comprised of taxes, maintenance, labor and administration costs. Older buildings on average spent proportionately more on maintenance, fuel and insurance costs. Conversely, newer buildings spent relatively more money on taxes and labor. Pre-war and post-war buildings spent similar proportions on utilities and miscellaneous costs. These spending patterns have not varied much in recent years. (See Appendix 5 for distributions of costs by building size and age)

As in previous years, building size affected the distribution of costs in rent stabilized buildings in 2001. As described above, taxes, maintenance, labor and administration costs dominated total operating costs in all buildings. Labor costs continued to be particularly associated with size, comprising much larger shares of total operating costs in larger buildings, probably due to the concentration of large, post-war stabilized buildings in Manhattan, which tend to employ doormen. In contrast, fuel, insurance and miscellaneous costs consumed less of each operating and maintenance dollar in larger buildings, probably due to efficiencies of scale realized by larger properties, particularly those with 100 or more units. Maintenance costs also tend to decrease with greater building size. For a breakdown of cost components by building size, age and borough, see Appendices 1, 2 and 5.

Percent of Distressed Properties in Cross-Sectional Samples 1990-2001

Share of Distressed Properties Declined Slightly in 2001



Source: NYC Department of Finance, 1990-2001 RPIE Filings

"Distressed" Buildings

Buildings that have operating and maintenance costs greater than gross income are considered distressed. Among the properties that filed 2001 RPIE forms, 897 buildings, or 7% of the cross-sectional sample, had O&M costs in excess of gross income. The proportion of distressed buildings was the same as in the previous year. Only 41 (4.6%) of these distressed buildings were built after 1946. Most distressed stabilized properties are mid-size (20 to 99 units), pre-war construction, and are located in the Bronx, Manhattan and Brooklyn. The chart on this page shows how the share of distressed buildings in the cross-sectional sample has changed since 1990. From a high of 14% of the sample of stabilized properties found in 1990, the proportion of distressed buildings declined to a low of 6% in 1999. For the last two years, 2000 and 2001, the share of distressed stabilized properties was 7%.

Buildings with expenses greater than revenues in 2001 suffered from both abnormally high expenses (147% of the 2001 all-building average), and low rents and income (respectively only 78% and 77% of the all-building average. This year, distressed buildings paid the same share of overall operating expenses to maintenance costs, as in all stabilized buildings (20%) but paid on average $49 more per unit per month on maintenance costs. Comparing nominal costs, distressed buildings paid 82% more in fuel costs than all stabilized buildings, 71% more in utility expense and 47% higher maintenance costs. These buildings also paid less property tax (81% of the all-building average) than all rent stabilized buildings. Appendix 6 shows the distribution of distressed buildings by age, size and location.

Net Operating Income

In most stabilized buildings, revenues exceed operating costs, yielding funds that can be used for mortgage payments, improvements and pre-tax profit. The amount of income remaining after all operating and maintenance (O&M) expenses are paid is typically referred to as "Net Operating Income" (NOI). While financing costs, income taxes and appreciation determine the ultimate profitability of a property; NOI is a good indicator of its basic financial condition. Moreover, changes in NOI are easier to track on an aggregated basis than changes in profitability, which require an individualized examination of return on capital placed at risk.

On average, apartments in rent stabilized buildings generated $336 of net income per month in 2001, with units in pre-war buildings earning less ($300 per month)

than those in post-war buildings ($436 per month). Average monthly NOI tended to be considerably greater for stabilized properties in Manhattan ($529) than for those in the outer boroughs: $183 in the Bronx, $210 in Brooklyn and $267 in Queens. There was a large dichotomy when looking at NOI on a sub-borough level in Manhattan. Core Manhattan properties gained on average $647 a month in NOI while properties in Upper Manhattan had an NOI of $245 which was close to the monthly NOI average calculated citywide, excluding Core Manhattan ($223). Average monthly NOI in "residential-only" properties citywide was $290 per unit in 2001, 14% lower than the norm for all stabilized buildings. For a tabulation of NOI by building size, age and location, see Appendix 4.

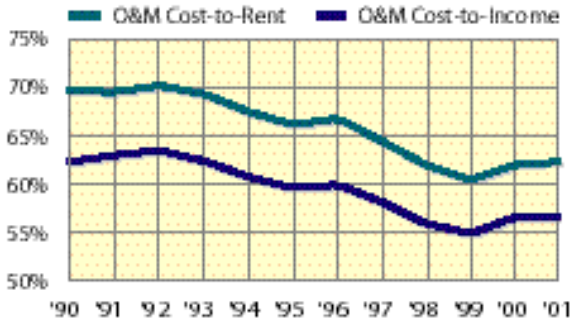
NOI reflects the revenue available after payment of operating costs, that is, the money owners have for financing their buildings, making improvements, and for pre-income tax profits. While NOI should not be the only criteria to determine the ultimate profitability of a particular property, it is a useful exercise to calculate the annual NOI for a hypothetical "average stabilized building" with 11 units or more. Multiplying the average monthly NOI of $336 per stabilized unit by the typical size of buildings in this year's cross-sectional sample (50 units) yields an estimated mean annual NOI of about $202,000 in 2001. Notably, the RPIE data cannot provide estimates for NOI in rent stabilized buildings with 10 or fewer apartments.

Operating Cost Ratios

Another way to evaluate the profitability of New York City's rent stabilized housing is by measuring the ratio of expenses to revenues. Traditionally, the RGB has used O&M Cost-to-Income and O&M Cost-to-Rent ratios to assess the overall health of the stabilized housing stock, presuming that buildings are better off by spending a lower percentage of revenue on expenses. The chart on the this page shows how over the period from 1990-2001, the proportion of total income and rent collections spent on audited operating costs has fluctuated but largely decreased in stabilized buildings citywide. The Cost-to-Income ratio in 2001 is 56.2%, the same level as the year before. This means simply, that on average, owners of rent stabilized properties spent about 56 cents out of every dollar of revenue on operating and maintenance costs in 2001.

Ratios of Citywide Average Monthly Audited O&M Costs to Average Monthly Gross Income and Rent 1990-2001

Cost-to-Income Ratio Remains Constant while Cost-to-Rent Ratio Rises in 2001



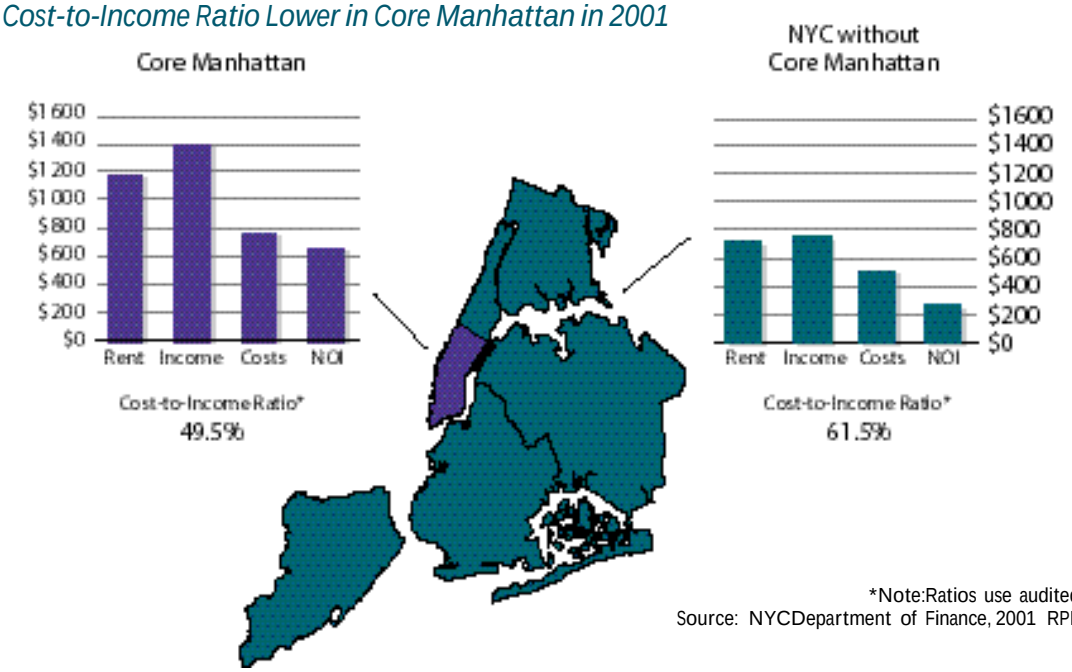
Source:NYCDepartment of Finance, 1990-2001 RPIEFilings

Since the highest ratio of 63.4% measured in 1992, the Cost-to-Income ratio has fallen every year except for two years in which there were spikes in heating oil costs, 1996 and 2000. Overall, from 1990 to 2001, the Cost-to-Income ratio declined by 6.1 percentage points. In other words, owners report that they devoted a little more than 6 cents less from every dollar of revenue towards expenses in 2001 than they did in 1990. Looking at the ratio of costs to rent collections, operating costs in 2001 were 62.5% of revenues from rent, an increase of 0.4 percentage points from the year before.

Rents, income and costs per unit on average were highest in Core Manhattan (see map and graphs on the next page) in 2001. When Core Manhattan is excluded from the analysis, the average revenue and costs figures are generally lower, but the two areas also have very different expense to revenue ratios. The Cost-to-Income Ratio for the rest of the city was 61.5%, significantly higher than the Cost-to-Income Ratio for stabilized buildings in Manhattan's Core (49.5%). These figures indicate that on average, owners of stabilized properties outside of Core Manhattan spend 12 cents more of every dollar of revenue on expenses compared to their counterparts in Core Manhattan.

Average Monthly Rent,Income, Operating Costs and Net Operating Income per Dwelling Unit and Cost-to-Income ratios,Core Manhattan and the Rest of the City, 2001

Cost-to-Income Ratio Lower in Core Manhattan in 2001



*Note:Ratios use audited costs.
Source: NYCDepartment of Finance, 2001 RPIEFilings

Net Operating Income after Inflation

The amount of net income is a function of the level of expense and the level of revenue in a given year (revenues – operating expenses = net operating income). Adjusting NOI as well as rent, income and costs figures for inflation (constant 2001 dollars) and comparing different base years to the latest data available is a useful way to assess the health of the stabilized housing stock and how well revenues have been meeting or exceeding expenses without erosion by inflation.

Converting income and expense figures into constant dollars helps to analyze how much NOI has grown in real terms since the RGB began collecting RPIE data. Point-to-point comparisons of average monthly figures show that from 1989 to 2001, the surrogate measure for profit, NOI, has grown 19%, while income grew 7%, rent increased 6% and costs were nearly flat at 0.3% after adjusting for inflation (13 years). This indicates that revenues have outpaced expenses to the extent that average monthly NOI was worth 19% more in 2001 than it was in 1989, after adjusting for inflation.

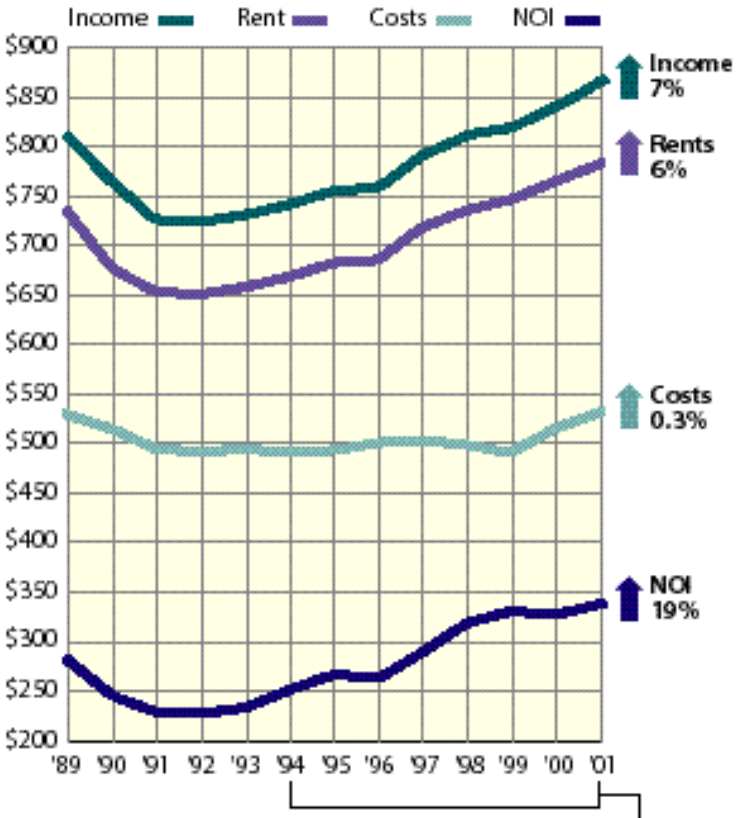
The year 1989 is used as a base year because that is the first year the RGB received data for a large sample of buildings. Comparisons are made to 2001 data because that is the latest data available. To mitigate the effect of the business cycle on measuring the real-term growth of revenues, expenses and NOI in the rent stabilized stock using only these years, the table on the following page shows point-to-point comparisons using *each* year of data collected since 1989 compared to 2001 figures for rent, income, expenses and NOI.

Notably, as the table on the next page shows, NOI is worth significantly more in real terms in 2001 than either costs or revenues in every period but three (1999-2001 through 2000-01) in the series of point-to-point comparisons. This analysis uses all years the RGB collected computerized data on rents, income, costs and NOI as base years, compared point-to-point to the latest 2001 figures. These comparisons show that on average and after inflation, in 2001 NOI has gained significantly more value compared to gains in costs or revenues taken from almost any base year on the table. In the most recent three periods, however, inflation-adjusted NOI has increased at the same rate as or lower than costs or revenues. Over the entire period, rent has increased by about 0.5% per year, income by about 0.5% per year, costs by about 0.02% per year and NOI by 1.47% per year *after* inflation. The 0.02% cost increase rate indicates that operating and maintenance

NOI After Inflation

After Inflation NOI Gained Most in Value 1989-2001

(Average Monthly Income, Rent, Operating Costs and Net Operating Income per Dwelling Unit in Constant 2001 Dollars)



Point-to-Point Comparisons of Growth in per Unit, per Month Rent, Income, Costs and NOI from each Base Year to 2001 After Inflation

Point-to-Points	# Years	Rent	Income	Costs	NOI
89-01	13	6%	7%	0%	19%
90-01	12	15%	14%	3%	37%
91-01	11	20%	20%	8%	47%
92-01	10	20%	21%	8%	49%
93-01	9	19%	19%	7%	44%
94-01	8	17%	17%	8%	34%
95-01	7	15%	14%	8%	26%
96-01	6	14%	14%	7%	28%
97-01	5	9%	9%	6%	16%
98-01	4	6%	7%	7%	6%
99-01	3	5%	6%	8%	1%
00-01	2	2%	3%	3%	3%

Example of how to find percentages in the graph

Note: Percent changes are point-to-point measurements and should not be considered cumulatively.

Source: RGB Income and Expense Studies,1991-2003

costs in stabilized buildings increased at a very similar rate to general inflation in the New York City area.

Another way to look at how rent, income, costs and NOI have changed absent the effect of inflation is to graph inflation-adjusted monthly figures for each of the four components measured in the I&E studies. The graph on this page shows changes in per month, per unit rent, income, costs and NOI adjusted into constant 2001 dollars from 1989 to 2001. The graph shows that inflation-adjusted rents, income, costs and NOI all lost real value from 1989-92. Revenues then steadily increased each year from 1993, exceeding their 1989 levels in 1998. From 1999 to 2001, revenues gained in real value, with monthly rents and income worth 6% ($48) and 7% ($55) more in 2001 than they were in 1989.

Tracking costs, the graph shows that from 1993, costs fluctuated slightly with the exceptions of 2000, a year with a large spike in fuel costs, and 2001 which experienced larger tax and insurance increases. Inflation-adjusted costs returned to their 1989 levels in 2001. The real growth in costs is 0.3% ($1) over the 1989-2001 period.

After seven years in which NOI did not reach levels seen in 1989, years 1997-2001 show real improvement in NOI from the base year 1989, except for a slight decline in 2000. From 1989-96 the ratio of NOI/income was about 33%; while from 1997-2001, NOI's share of income was about 39%. Average monthly NOI is worth 19% more after inflation in 2001 than in 1989 (or $54, the $55 real gain in income minus the $1 real gain in costs).

All of the percent changes in the table correspond to the lines and years on the graph. For example, the line between the graph and the table shows how the point-to-point comparisons for the period 1994-2001 (highlighted on the table) correspond to the four graphed lines representing income, rent, costs and NOI point-to-point from '94 to '01 on the graph. All these figures reflect data from rent stabilized properties with at least 11 units and do not reflect figures from stabilized properties with 6 to 10 units, which do not have to file RPIE statements.

Longitudinal Study

Rents and Income

Average rent collections in stabilized buildings rose by 4.9% in 2001, which was 1.3 percentage points lower than the increases observed during 2000 (6.2%). The increase experienced in 2001 was most likely propelled by fewer vacancies and strong rent collections as demand for rental housing continued to outstrip supply. Rising investment in property improvements and maintenance may also be boosting rent collections since the costs of renovating building-wide systems and individual apartments can be added to stabilized rents. The vacancy increase implemented by New York State in June of 1997 (18%-20%), under the Rent Regulation Reform Act of 1997, may also have contributed to the strong increases seen in stabilized rent collections since 1997.

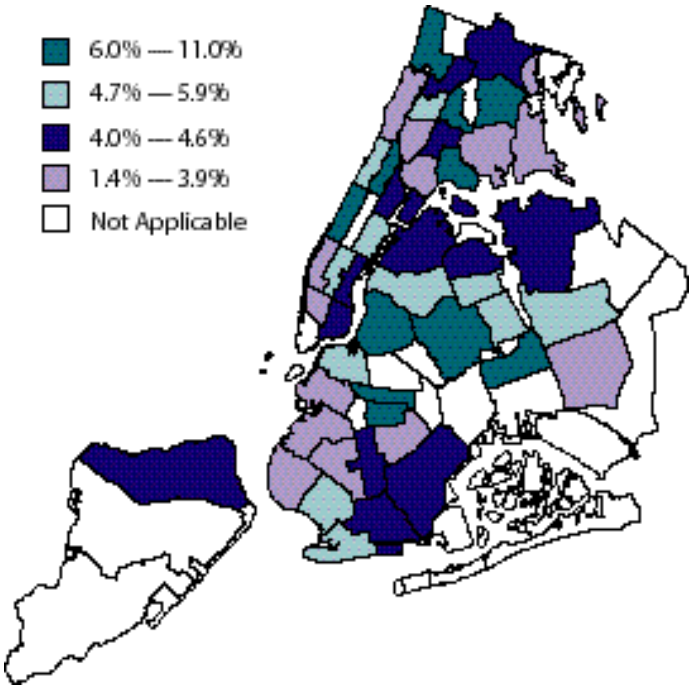
Similar to last year, rent collections in newer (post-46) buildings increased more (6.4%) than those in older (pre-47) properties (4.2%). Rent collections for all stabilized units increased by 7.8%, 4.3%, and 4.8% for small (11-19 unit), medium (20-99 unit), and large (100+ unit) buildings respectively. Once again, smaller buildings have the highest increases in rent collections, gaining the highest rent growth of all the size categories for eight straight years.

All New York City community districts saw gains in rent collections from 2000-01. This year, rent collections increased more rapidly in the outer boroughs than they did in the borough of Manhattan. Rent collections in stabilized properties located in the borough of Manhattan rose 4.3% from 2000-01. In Manhattan the community district of Central Harlem had the highest increase in rent collections of 9.3%. The lowest increase was found in Washington Heights/Inwood (1.7%). All other Manhattan community districts had rent increases of between 3.3% and 6.9%. In the boroughs outside of Manhattan, the district with the highest rent growth was East Tremont in the Bronx (11%). In Brooklyn, Williamsburg/Greenpoint showed the largest increase in rents at 7%, and in Queens, rent growth was highest in Middle Village/Ridgewood (9.1%). Overall, rent collections grew in Core Manhattan by 4.3% while in Upper Manhattan, rent collections grew by 4.6%. In the outer boroughs, rent collections grew by 5.9% in the Bronx, 4.6% in Brooklyn and 4.9% in Queens from 2000-01.

As the rent collection growth map on this page shows, rent growth was propelled by several districts not only in Manhattan but also spread throughout the city. When rent collections in Core Manhattan properties are excluded, an average rent growth of 5.1% was calculated for the remainder of the City.

Change in Collected Rents by Community Districts 2000-01

Stabilized Rents Rose in Every Borough in 2001



Note:Eleven Community Districts are "Not Applicable" because they did not contain enough stabilized buildings to calculate reliable statistics. Areas shaded white may also denote non-residential spaces,such as parks,bodies of water and airports. Community District percent changes are not weighted,borough-level averages are weighted.

Source:NYCDepartment of Finance, 2001 RPIEFilings

The total income collected in rent stabilized buildings, comprising apartment rents, commercial rents and sales of services, increased by 5.2% from 2000 to 2001, 1.3 percentage point lower than income collection in the previous year. Revenues rose in pre-war buildings by 4.4% and by in post-war buildings 6.9%. In the boroughs of the Bronx, Brooklyn and Queens, property owner's total income grew by 6.2%, 4.4% and 4.8% respectively. The gross income of Core Manhattan properties grew by 4.8%, while Upper Manhattan income grew more rapidly than the city average at 6.1%. When Core Manhattan is excluded from the analysis, the rest of the city's average income growth is 4.9%.

Gross income grew in all three size categories of buildings, with small buildings experiencing the largest growth (7.5%). Medium buildings experienced a 4.6% increase in income, while the collected income of large buildings grew by 5.3%. See Appendix 8 for a complete breakdown.

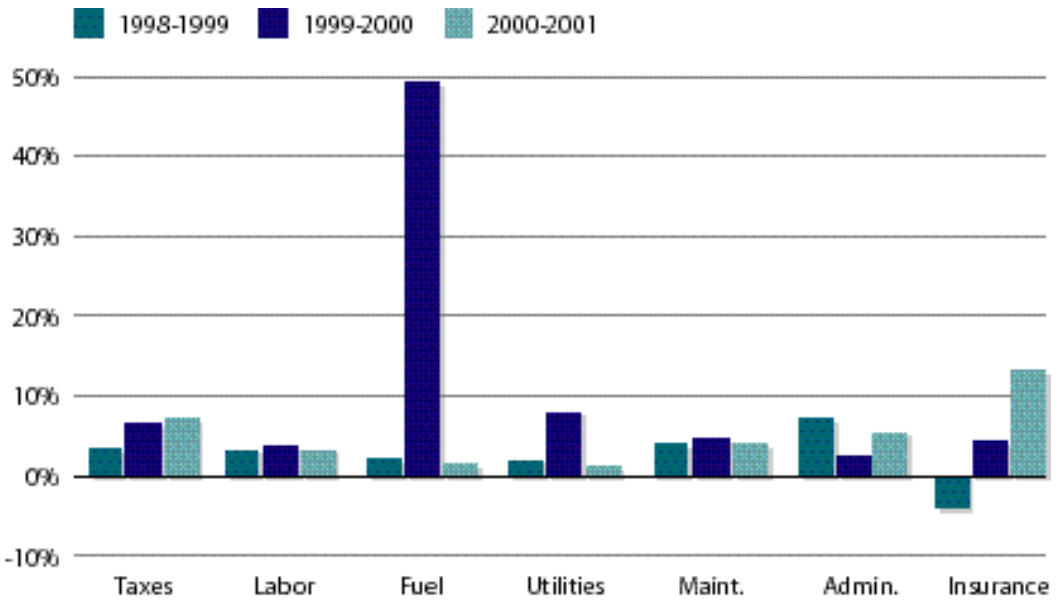
Operating Costs

Expenses in stabilized buildings grew 4.8%, a slightly lower rate than increases in both rents (4.9%) and total income (5.2%) from 2000-01. Costs rose in newer buildings by 5.8%, in contrast to the increase in costs realized by pre-war buildings (4.3%). While the I&E studies have found that rent and income revenues tend to rise at similar rates to one another, operating cost increases are much more variable, often the result of volatile changes in the cost of fuel, maintenance, insurance or utilities, as the graph below shows.

The 4.8% increase in expenses found in rent stabilized buildings from 2000-2001 was 3.6 percentage points lower than the increase observed from 1999-2000 (8.4%). From 2000-01, tax, insurance and administrative costs increased strongly, driving overall cost growth. All of the major components within total O&M costs increased from 2000-01 (see graph on this page). Insurance costs increased the most rapidly, by

Change in Cost Components,1998-2001

Changes in Fuel Costs and Insurance Show Greatest Volatility Among Operating and Maintenance Expenses from 1998-2001



Source:NYC Department of Finance, 1998-2001 RPIE Filings

12.9% from 2000-01. Tax costs increased by 6.7% and administrative costs grew by 5.2%. Maintenance and labor costs increased by 3.7% and 2.9%, fuel costs increased by 1.3% and utilities expense rose by 0.9% over the period.

As in past years, building size influenced the rate of growth; expenses rose by 6.0%, 4.4%, and 5.1% respectively in small, medium, and large buildings. This year, costs rose most rapidly in the borough of the Bronx (6.1%), and the least in Queens (4.1%). Costs increased by 5.0% in Core Manhattan, by 2.6% in Upper Manhattan and by 4.6% in the rest of the City excluding Core Manhattan. For a detailed breakdown of the changes in rent income and costs by building size age and location, see Appendix 8.

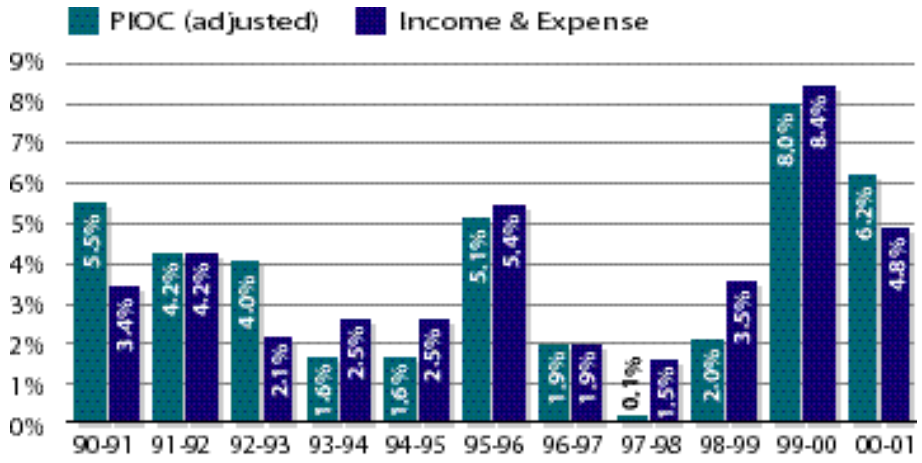
RPIE Expenses and the PIOC

The RPIE and the RGB's long-running survey, the Price Index of Operating Costs (PIOC), each provide a form of independent verification for the expense findings in the other. However, comparison of I&E and PIOC data is somewhat distorted due to differences in the way each instrument defines costs and time periods. For example, there is a difference between when expenses are incurred and actually paid by owners as reported in the RPIE, versus the price quotes obtained from vendors for specific periods as surveyed in the PIOC. In addition, the PIOC primarily measures prices on an April-to-April basis, while most RPIE statements filed by landlords are based on the calendar year. To compare the two, weighted averages of each must be calculated, which may cause a slight loss in accuracy. Finally, the PIOC measures a hybrid of costs, cost-weighted prices and pure prices, whereas the RPIE provides unaudited owner-reported costs.

Over the past several years, growth in PIOC-measured costs has consistently differed from expense increases reported in RPIE data. Since the beginning of the decade, the PIOC has grown faster in periods of economic downturn, and RPIE overall expenses have grown faster in recovery. The "gap" between the two indices has been largely narrowing since 1993 and this year, the PIOC and the I&E studies show very similar increases in costs and prices. As the graph on this page shows, the most recent adjusted PIOC change in prices was 6.2% in while the increase in RPIE expenses was 4.8%, a difference of 1.4 percentage points between the two indices from 2000-01.

Change in Operating & Maintenance Costs,I&E and the PIOC, 1990-91 to 2000-01

From 2000-2001, Owner-Reported RPIE Costs Increased at a Slower Rate than those Measured in the PIOC



Note: The PIOC increase is adjusted from the April-to-April to the July-to-June fiscal year.

Source:NYCDepartment of Finance, 1990-2001 RPIEFilings;PIOC 1990-2001

The PIOC and RPIE reported similar increases from 2000-01 in the cost components except for those that rose most rapidly. Taxes, labor, maintenance and administrative costs rose at similar rates. The adjusted PIOC reported higher increases in fuel and utilities costs compared to the RPIE data while the I&E reported higher insurance increases over the same period. These costs, three of the most volatile cost components, differed the most between the data sources. Fuel costs differed the most. The adjusted PIOC reported a fuel price increase of 16.0% while the I&E showed a fuel cost increase of 1.3% from 2000-01, a difference of almost 15 percentage points. The difference between how the two indices measure fuel costs and prices has been seen in every year or years following a fuel price spike. Because the PIOC measures cost-weighted fuel prices and the I&E measures owners actual fuel costs, it is reasonable to assume that a sharp increase in fuel prices, seen in the PIOC in both 2000 and 2001 (49.4% and 16.0%, adjusted), signals to owners to fill their tanks, set a fixed rate with a supplier or even switch to another form of energy to lower their costs. Owners reported fuel cost increases in the I&E in 2000 and 2001 of 48.9% and 1.3%, showing a much smaller increase in average fuel expenditures in the second year even as PIOC-measured prices continued to climb.

Utility costs differed strongly as well between the two indices, with the adjusted PIOC measuring a rise of 8.7% and the I&E an increase of 0.9%, a difference of almost 8 percentage points. Comparing utility price increases in the PIOC (8.0% and 8.7% in 2000 and 2001, adjusted) and owner's reported cost increases in the I&E (7.7% and 0.9%) again show a much smaller increase in I&E costs in the second year while PIOC prices continued to rise.

Insurance costs differed by 5.1 percentage points between the two indices. For this component, owners reported a higher cost rise in the I&E of 12.9% on average, while the adjusted PIOC rose 7.8%. The effect of the attacks of the World Trade Center was beginning to be felt in late 2001 on insurance costs. The volatility of insurance prices and the difference in the way insurance costs are measured—owner-reported, unaudited, larger buildings in the I&E, and insurance company-verified owner-reported bills surveyed in the PIOC of all sizes of buildings may account for this difference. All other cost components, taxes, labor, maintenance and administrative, increased within one percentage point difference of each other between the two indices.

The PIOC, vital to the RGB as an indicator of current price and cost changes, may be most robust when measuring cost increase trends as New York City's rent stabilized housing market emerges from recession. This is because the PIOC is strong at tracking costs during economic upswings, when all types of costs and prices are generally increasing, and when accelerating revenue growth induces fewer owners to cut back on maintenance services and other elective costs. In periods of economic downturn, owners may substitute goods, making the PIOC's 'market basket' of goods less representative.

Longitudinal RPIE data, on the other hand, is a highly reliable measure of cost trends over both the short- and long-term because its source is actual empirical data for over 10,000 stabilized buildings. Unfortunately, due to filing periods and processing time, RPIE data is not available to the RGB for more than a year after the calendar reporting year has ended. Therefore, the RPIE data is not current enough to be the only source of cost change information for the RGB to establish annual rent adjustments.

From 1990-91 to 2000-01, cumulative growth in the two indices seem to confirm the accuracy of one another in measuring expense changes for rent stabilized properties. Overall nominal costs measured in the PIOC and in the I&E studies both grew by 48% in stabilized buildings over this period.

Operating Cost Ratios

Between 2000 and 2001, the proportion of gross income spent on audited expenses (the O&M Cost-to-Income ratio) declined by 0.2 percentage points. The proportion of rental income used for audited expenses (the O&M Cost-to-Rent ratio) was nearly flat, decreasing by 0.05 percentage points. The O&M Cost-to-Income and O&M Cost-to-Rent ratios increased twice since 1992. Both ratios increased in years where fuel prices rose sharply, 1995-96 and 1999-2000. In other words, property owners spent a larger portion of each dollar in rent or income on operating expenses in

the years where heating costs rose. The general trend, however, is a decline in the cost to revenue ratios since the early 1990s.

"Distressed" Buildings

Of the buildings in this year's longitudinal sample, 6.1% (693) had O&M expenses that exceeded revenues, 0.6 percentage points lower than the share in last year's longitudinal study. Only 32 (4.6%) of distressed properties were built after 1946. The fundamental conditions of these buildings did not change. While rent collections and gross income increased, operating expenses grew at a faster pace from 2000 to 2001. Again, distressed properties are burdened by low rents, lack of commercial income, and high operating expenses.

Net Operating Income

Since revenues grew slightly more rapidly than operating costs during 2001, on average, citywide net operating income in rent stabilized buildings increased by 5.9%. The 5.9% rate outpaced growth in both revenues and costs from 2000-01. This year's growth in NOI is higher than the rate found last year (3.5%) but lower than the NOI increase found from 1997-99 (11.4%, 11.8% and 8.7%). Again, NOI refers to the earnings that remain after operating and maintenance (O&M) expenses are taken care of, but before payments in income tax and debt service.

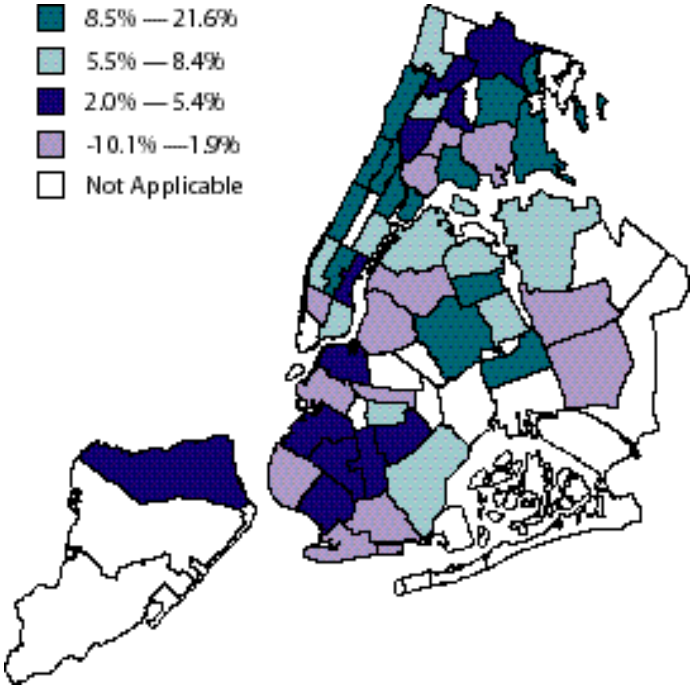
NOI grew at a higher pace in the post-war stock (8.4%) than it did in pre-war stock (4.6%) from 2000-01. NOI rose the most (10.1%) in small buildings (11-19 units). This year, average NOI growth in medium-sized structures (20-99 units) was 5.0% and NOI grew at a pace of 5.4% in large structures (100 or more units). See Appendix 9 for a complete breakdown.

All the boroughs and almost all community districts experienced growth in NOI from 2000-01. The Bronx had the highest growth at 6.5%, followed by Queens (6.1%) Manhattan (5.8%) and Brooklyn at 3.1%. Core Manhattan's growth in NOI was 4.6%, strongly outpaced by NOI growth in Upper Manhattan this year (14.0%). The City excluding Core Manhattan experienced NOI growth of 5.6%.

At the community district level, as the map below shows, neighborhoods in Manhattan and Queens propelled NOI growth led by Central Harlem (16.7%) and Middle Village/Ridgewood (15.0%). NOI in Hunts Point/Longwood grew the most rapidly from 2000-01 at 21.6%. The districts that showed declines in NOI from 2000-01 were Sheepshead Bay, Soundview/Parkchester, Coney Island, Hillcrest/Fresh Meadows, Mott Haven and Morrisania.

Change in Net Operating Income 2000-01

NOI Increased in most New York City Neighborhoods from 2000 to 2001



Note:Eleven Community Districts are "Not Applicable" because they did not contain enough stabilized buildings to calculate reliable statistics. Areas shaded white may also denote non-residential spaces,such as parks,bodies of water and airports.Community District percent changes are not weighted,borough-level averages are weighted.

Source:NYCDepartment of Finance, 2001 RPIEFilings

Growth in Revenues Slightly Outpaces Cost Increases from 2000-2001
(Changes in Average Monthly Rents, Income, Operating Costs and Net Operating Income per Dwelling Unit, 1989-2001)

	Avg. Rent Growth	Avg. Income Growth	Avg. Cost Growth	Avg.NOI Growth
89-90	3.3%	3.7%	7.1%	-1.8%
90-91	3.4%	3.2%	3.4%	2.8%
91-92	3.5%	3.1%	4.2%	1.2%
92-93	3.8%	3.4%	2.1%	6.3%
93-94	4.5%	4.7%	2.5%	9.3%
94-95	4.3%	4.4%	2.5%	8.0%
95-96	4.1%	4.3%	5.4%	2.3%
96-97	5.4%	5.2%	1.9%	11.4%
97-98	5.5%	5.3%	1.5%	11.8%
98-99	5.5%	5.5%	3.5%	8.7%
99-00	6.2%	6.5%	8.4%	3.5%
00-01	**4.9%**	**5.2%**	**4.8%**	**5.9%**

Source:NYC Department of Finance, 1990-2001 RPIE Filings

Conclusion

The RPIE filings from over 13,000 rent stabilized buildings containing over 650,000 units in the cross-sectional sample, support the trend that the overall financial condition of New York City's rent stabilized properties continued to generally improve in both nominal and real terms in 2001. Revenue collections remained strong, slightly outpacing growth in costs. This growth in revenue and expenses from 2000-01 resulted in an NOI increase of 5.9% citywide. The table on this page provides the year-to-year changes in rents, income, costs, and NOI since 1990. After adjusting for inflation, in 2001, owners of rent stabilized buildings generally had a greater amount of income ($11 on average per unit per month) after operating and maintenance expenses were paid than the year before.

Methodology

The information in this report was generated from summaries of raw data from RPIE forms filed with the NYC Department of Finance in 2002 by owners of apartment buildings with eleven or more dwellings. The data in these forms, which reflects financial conditions in stabilized buildings for the year 2001, was computerized in late 2002 (the form is not due until September), and made available to RGB research staff in early 2003 for analysis.

As in past studies, two types of summarized data, cross-sectional and longitudinal, were obtained for stabilized buildings. Cross-sectional data, which provides a "snapshot" or "moment in time" view, comes from properties that filed 2001 RPIE forms. This data is used to compute average rents, operating costs, etc. that are typical of the year 2001. Longitudinal data, which provides a direct comparison of identical elements over time, encompasses properties that filed RPIE forms for the years 2000 and 2001. The longitudinal data describes changing conditions in average rents, operating costs, etc. by comparing forms from the same buildings over two years. Analysis of filing dates shows that RPIE forms reflect conditions around July of the previous calendar year. Thus, cross-sectional data in this report measures conditions in effect throughout 2001, while longitudinal data measures changes in conditions that occurred from 2000 to 2001.

This year, 13,085 rent stabilized apartment buildings were analyzed in the cross-sectional study (see Appendix 7), and 11,283 stabilized properties were

examined in the longitudinal study (see Appendix 10). The sample of buildings was created by matching a list of properties registered with the DHCR against buildings that filed a 2001 RPIE statement (or 2000 and 2001 statements for the longitudinal sample). Like last year's study, the number of buildings in both the cross-sectional and the longitudinal sample increased from the previous year. The cross-sectional sample increased by 243 buildings (2%) and the longitudinal sample increased by 519 buildings (5%).

Once the two samples were drawn, properties that met the following criteria were removed:

- Buildings contained fewer than 11 units. Owners of buildings with fewer than 11 apartments (without commercial units) are not required to file RPIE forms;
- Owners did not file a 2001 RPIE form for the cross-sectional study, or a 2000 and a 2001 RPIE form for the longitudinal study;
- No unit count could be found in RPIE records;
- No apartment rent figures were recorded on the RPIE forms. In these cases, forms were improperly completed or the building was vacant.

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

- In early I&E studies, the Department of Finance used the total number of units from their Real Property Assessment Data (RPAD) files to classify buildings by size and location. RGB researchers found that sometimes the unit counts on RPIE forms were different than those on the RPAD file, and consequently deemed the residential counts from the RPIE form more reliable.
- Average monthly rents for each building were compared to rent intervals for each borough to improve data quality. Properties with average rents outside of the borough rent ranges were removed from all samples. This year, 118 buildings were removed from both samples for this reason. Fifty-eight percent of these buildings (69) had average rents below $100 per month, and 42 percent (49) had average rents in excess of the upper limits. Such screening for outliers is critical since such deviations may reflect data entry errors and thus could skew the analysis.
- Buildings in which operating costs exceeded income by more than 300% were excluded from both samples. Four properties were excluded for this reason.

As in prior studies, after compiling both samples, the Department of Finance categorized sample data reflecting particular types of buildings throughout the five boroughs (e.g. structures with 20-99 units built in Brooklyn before 1947). Staten Island is not included in most of the borough-level analyses because it contains too few stabilized buildings in most size and age categories to calculate reliable statistics.

For the third year, the Department of Finance provided research staff with data summarized at the sub-borough level in Manhattan this year. Manhattan properties were grouped into two categories, "Core Manhattan"—properties south of East 96th Street or West 110th Streets, or "Upper Manhattan"—the remaining areas. Where possible, researchers provided figures for Upper and Core Manhattan and for the "rest of the city" (New York City excluding Core Manhattan). The extremely tight real estate market in Core Manhattan often results in income and expense data that is different from other areas of New York City. Thus, this added bifurcation allows separate examination of what are often two very different economic conditions in Core Manhattan and the rest of the city. All data in both the cross-sectional and longitudinal analysis is weighted using 1999 HVS allocations, the best estimate available of the real distribution of stabilized apartments in New York City. ❒

Endnotes

1.RPIE rent figures include money collected for apartments, owner-occupied or related space and government subsidies. Income encompasses all revenue from rents,sales of services,such as laundry, valet and vending,and all other operating income.

2.Pre-war buildings refer to those built before 1947;post-war buildings refer to those built after 1946.

3.Preferential rents refer to actual rent paid which is lower than the "legal rent," or the maximum amount the owner is entitled to charge. Owners often offer preferential rents when the current market cannot bear the legal rent.

Appendix: Income and Expense Study

1. *Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (2001) per Apartment per Month by Building Size and Location, Structures Built Before 1947*

	Taxes	Labor	Fuel	Water/Sewer	Light & Power	Maint.	Admin.	Insurance	Misc.	Total
Citywide	**$104**	**$58**	**$58**	**$28**	**$25**	**$106**	**$65**	**$26**	**$42**	**$512**
11-19 units	$134	$36	$66	$32	$23	$124	$78	$34	$55	$582
20-99 units	$94	$53	$56	$28	$20	$104	$61	$26	$38	$481
100+ units	$135	$113	$61	$26	$55	$104	$77	$18	$50	$638
Bronx	$59	$44	$61	$31	$17	$100	$55	$29	$32	$429
11-19 units	$66	$40	$85	$33	$24	$115	$67	$38	$53	$520
20-99 units	$59	$43	$60	$31	$17	$100	$54	$28	$31	$423
100+ units	$51	$65	$53	$29	$18	$87	$59	$21	$27	$410
Brooklyn	$76	$39	$59	$25	$21	$87	$48	$25	$34	$413
11-19 units	$81	$21	$70	$31	$18	$107	$50	$30	$44	$451
20-99 units	$74	$39	$58	$24	$22	$83	$48	$24	$33	$405
100+ units	$78	$61	$53	$28	$16	$88	$46	$21	$30	$422
Manhattan	$146	$80	$57	$29	$33	$126	$83	$26	$55	$634
11-19 units	$186	$46	$60	$33	$27	$142	$102	$35	$67	$697
20-99 units	$128	$73	$54	$29	$22	$125	$76	$26	$49	$581
100+ units	$184	$150	$67	$23	$86	$117	$97	$15	$67	$806
Queens	$95	$41	$52	$29	$16	$86	$49	$24	$30	$422
11-19 units	$90	$18	$62	$28	$13	$88	$38	$28	$27	$392
20-99 units	$95	$40	$50	$29	$17	$86	$51	$23	$30	$421
100+ units	$98	$89	$49	$35	$15	$86	$53	$23	$30	$478
Staten Island*	-	-	-	-	-	-	-	-	-	-
Core Man	$190	$94	$54	$28	$41	$131	$95	$25	$63	$720
11-19 units	$200	$46	$57	$32	$26	$141	$103	$35	$67	$707
20-99 units	$181	$85	$48	$28	$25	$133	$88	$25	$57	$671
100+ units	$204	$163	$69	$22	$97	$121	$105	$15	$73	$869
Upper Man	$62	$57	$63	$31	$20	$118	$62	$27	$41	$483
11-19 units	$54	$47	$88	$40	$32	$156	$86	$34	$65	$602
20-99 units	$64	$58	$60	$30	$19	$115	$60	$26	$39	$472
100+ units	$57	$70	$58	$28	$19	$93	$46	$19	$27	$417
City w/o Core Manhattan	$70	$45	$59	$29	$19	$97	$54	$26	$34	$433

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

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Table 3 due to rounding. Data in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The category "Utilities" used in the I&E report is the sum of "Water & Sewer" and "Light & Power".

Source: NYC Department of Finance, RPIE Filings.

2. Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (2001) per Apartment per Month by Building Size and Location, Structures Built After 1946

	Taxes	Labor	Fuel	Water/Sewer	Light & Power	Maint.	Admin.	Insurance	Misc.	Total
Citywide	**$143**	**$105**	**$44**	**$28**	**$32**	**$96**	**$70**	**$20**	**$46**	**$586**
11-19 units	$149	$29	$47	$30	$28	$128	$84	$31	$51	$576
20-99 units	$114	$67	$46	$29	$25	$87	$58	$22	$42	$491
100+ units	$175	$148	$43	$27	$39	$104	$83	$18	$50	$686
Bronx*	$101	$70	$47	$29	$29	$91	$63	$25	$38	$494
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$87	$54	$48	$28	$24	$86	$56	$27	$38	$449
100+ units	$119	$109	$46	$30	$41	$91	$70	$20	$36	$563
Brooklyn*	$97	$73	$49	$29	$26	$92	$60	$22	$44	$491
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$98	$62	$51	$30	$23	$92	$57	$21	$47	$483
100+ units	$88	$108	$45	$28	$32	$88	$64	$23	$34	$510
Manhattan	$252	$184	$43	$25	$43	$116	$111	$19	$65	$857
11-19 units	$221	$27	$47	$29	$37	$192	$146	$26	$85	$809
20-99 units	$203	$105	$39	$26	$27	$114	$91	$22	$72	$699
100+ units	$268	$212	$44	$25	$47	$116	$117	$17	$63	$910
Queens	$114	$82	$42	$29	$30	$87	$54	$19	$38	$495
11-19 units	$133	$33	$46	$29	$25	$83	$61	$32	$42	$483
20-99 units	$112	$65	$44	$29	$28	$76	$50	$21	$33	$458
100+ units	$115	$104	$40	$29	$32	$97	$56	$17	$43	$533
Staten Island*	$100	$79	$43	$34	$18	$126	$54	$28	$41	$523
20+ units	$94	$85	$43	$34	$17	$125	$50	$28	$40	$516
Core Man*	$266	$186	$42	$24	$42	$118	$115	$18	$66	$877
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$226	$110	$36	$25	$28	$114	$100	$21	$79	$738
100+ units	$279	$214	$43	$24	$46	$116	$118	$17	$62	$920
Upper Man*	$92	$158	$57	$35	$97	$113	$89	$23	$73	$702
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	$89	$79	$54	$32	$55	$114	$53	$27	$39	$510
100+ units	-	-	-	-	-	-	-	-	-	-
City w/o Core Manhattan	$105	$82	$46	$29	$59	$90	$57	$21	$41	$501

* The number of Post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn,Staten Island, Core and Upper Manhattan as well as buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics.

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Table 3 due to rounding. Data in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The category "Utilities" used in the I&E report is the sum of "Water & Sewer" and "Light & Power".

Source:NYC Department of Finance, RPIE Filings.

3. Cross-Sectional Income and Expense Study, Estimated Average Rent and Income (2001) per Apartment per Month by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	**$932**	**$1,022**	**$586**	**$726**	**$812**	**$512**	**$781**	**$868**	**$531**
11-19 units	$766	$899	$576	$733	$922	$582	$736	$920	$581
20-99 units	$728	$772	$491	$692	$757	$481	$700	$760	$483
100+ units	$1,157	$1,293	$686	$952	$1,056	$638	$1,078	$1,201	$668
Bronx	$721	$767	$494	$569	$594	$429	$594	$623	$439
11-19 units	-	-	$454	$595	$643	$520	$584	$633	$509
20-99 units	$642	$669	$449	$565	$588	$423	$575	$598	$426
100+ units	$866	$931	$563	$585	$613	$410	$715	$761	$481
Brooklyn	$682	$710	$491	$600	$621	$413	$616	$639	$428
11-19 units	-	-	$485	$602	$647	$451	$605	$657	$453
20-99 units	$663	$687	$483	$595	$612	$405	$612	$630	$424
100+ units	$729	$764	$510	$628	$651	$422	$671	$700	$460
Manhattan	$1,578	$1,812	$857	$904	$1,071	$634	$1,023	$1,202	$674
11-19 units	$1,077	$1,318	$809	$862	$1,189	$697	$868	$1,193	$701
20-99 units	$1,134	$1,292	$699	$846	$975	$581	$865	$997	$589
100+ units	$1,728	$1,986	$910	$1,208	$1,376	$806	$1,486	$1,702	$861
Queens	$727	$772	$495	$651	$675	$422	$696	$732	$465
11-19 units	$646	$704	$483	$576	$597	$392	$593	$623	$414
20-99 units	$698	$733	$458	$655	$680	$421	$678	$709	$440
100+ units	$757	$809	$533	$724	$748	$478	$753	$803	$527
Staten Island	$715	$761	$523	-	-	-	$715	$761	$523
Core Man	$1,630	$1,881	$877	$1,056	$1,267	$720	$1,182	$1,402	$755
11-19 units	-	-	$839	$880	$1,229	$707	$891	$1,237	$713
20-99 units	$1,228	$1,409	$738	$1,023	$1,199	$671	$1,044	$1,220	$678
100+ units	$1,765	$2,036	$920	$1,303	$1,489	$869	$1,543	$1,773	$895
Upper Man	$1,033	$1,086	$702	$636	$715	$483	$670	$747	$502
11-19 units	-	-	$574	$690	$821	$602	$690	$821	$602
20-99 units	$680	$728	$510	$630	$704	$472	$631	$705	$473
100+ units	-	-	$746	$618	$675	$417	$931	$986	$625
City w/o Core Manhattan	$729	$771	$501	$601	$637	$433	$637	$674	$452

Notes: City and borough totals are weighted,while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of Post-46 rent stabilized buildings with fewer than 20 units in the Bronx,Brooklyn,Core and Upper Manhattan as well as buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics,as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Post-46 Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

4. Cross-Sectional Income and Expense Study, Net Operating Income in 2001 per Apartment per Month by Building Size and Location

	Post-46	Pre-47	All
Citywide	**$436**	**$300**	**$336**
11-19 units	$323	$341	$339
20-99 units	$281	$276	$277
100+ units	$606	$418	$533
Bronx	$274	$165	$183
11-19 units	-	$123	$124
20-99 units	$220	$166	$173
100+ units	$368	$202	$279
Brooklyn	$219	$208	$210
11-19 units	-	$196	$204
20-99 units	$204	$208	$207
100+ units	$254	$229	$240
Manhattan	$955	$437	$529
11-19 units	$509	$492	$493
20-99 units	$593	$394	$408
100+ units	$1,077	$570	$841
Queens	$277	$253	$267
11-19 units	$221	$205	$209
20-99 units	$276	$260	$268
100+ units	$276	$269	$276
Staten Island	$238	-	$238

	Post-46	Pre-47	All
Core Man	$1,004	$546	$647
11-19 units	-	$522	$524
20-99 units	$671	$528	$542
100+ units	$1,117	$620	$878
Upper Man	$384	$232	$245
11-19 units	-	$219	$219
20-99 units	$218	$232	$231
100+ units	-	$258	$361
City w/o Core Manhattan	$270	$204	$223

Notes: City and borough totals are weighted,while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of Post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Core and Upper Manhattan as well as buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics,as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Post-46 Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

5. Cross-Sectional Distribution of Operating Costs in 2001, by Building Size and Age

	Taxes	Maint.	Labor	Admin.	Utilities	Fuel	Misc.	Insurance	Total
Pre-47	20.3%	20.8%	11.4%	12.7%	10.4%	11.3%	8.2%	5.1%	100%
11-19 units	23.1%	21.4%	6.2%	13.3%	9.4%	11.3%	9.5%	5.8%	100%
20-99 units	19.5%	21.7%	11.1%	12.7%	10.1%	11.6%	8.0%	5.4%	100%
100+ units	21.1%	16.2%	17.8%	12.1%	12.7%	9.5%	7.8%	2.8%	100%
Post-46	24.5%	16.4%	17.9%	12.0%	10.2%	7.6%	7.9%	3.5%	100%
11-19 units	25.9%	22.1%	5.0%	14.6%	10.1%	8.1%	8.9%	5.3%	100%
20-99 units	23.2%	17.8%	13.7%	11.7%	11.1%	9.4%	8.6%	4.5%	100%
100+ units	25.4%	15.1%	21.6%	12.1%	9.6%	6.2%	7.3%	2.6%	100%
All Bldgs.	**21.5%**	**19.5%**	**13.3%**	**12.5%**	**10.3%**	**10.2%**	**8.1%**	**4.6%**	**100%**
11-19 units	23.3%	21.4%	6.1%	13.4%	9.4%	11.1%	9.5%	5.8%	100%
20-99 units	19.8%	21.3%	11.3%	12.6%	10.2%	11.4%	8.0%	5.3%	100%
100+ units	21.5%	16.1%	18.1%	12.1%	12.4%	9.2%	7.8%	2.8%	100%

Source:NYC Department of Finance, RPIE Filings.

6. Cross-Sectional Distribution of "Distressed" Buildings, 2001 RPIE Filings

Pre-47	Citywide	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Core Man	Upper Man
11-19 units	265	44	51	142	25	3	115	27
20-99 units	572	220	112	211	29	0	90	121
100+ units	19	2	3	13	1	0	10	3
All	856	266	166	366	55	3	215	151

Post-46	Citywide	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Core Man	Upper Man
11-19 units	13	4	1	5	2	1	4	1
20-99 units	23	7	4	4	6	2	2	2
100+ units	5	0	3	0	2	0	0	0
All	41	11	8	9	10	3	6	3

All Bldgs.	Citywide	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Core Man	Upper Man
11-19 units	278	48	52	147	27	4	119	28
20-99 units	595	227	116	215	35	2	92	123
100+ units	24	2	6	13	3	0	10	3
All	**897**	**277**	**174**	**375**	**65**	**6**	**221**	**154**

Source: NYC Department of Finance, RPIE Filings.

7. Cross-Sectional Sample, 2001 RPIE Filings

	Post-46		Pre-47		All	
	Bldgs.	DU's	Bldgs.	DU's	Bldgs.	DU's
Citywide	**1,558**	**178,907**	**11,527**	**471,390**	**13,085**	**650,297**
11-19 units	119	1,778	2,649	40,050	2,768	41,828
20-99 units	858	50,868	8,444	352,898	9,302	403,766
100+ units	581	126,261	434	78,442	1,015	204,703
Bronx	219	16,416	2,358	113,011	2,651	129,427
11-19 units	12	177	204	3,033	216	3,210
20-99 units	173	10,329	2,154	98,869	2,327	109,198
100+ units	34	5,910	74	11,109	108	17,019
Brooklyn	299	29,433	2,444	99,559	2,743	128,992
11-19 units	15	226	495	7,429	510	7,655
20-99 units	193	12,883	1,878	83,737	2,071	96,620
100+ units	91	16,324	71	8,393	162	24,717
Manhattan	464	78,977	5,366	205,579	5,830	284,556
11-19 units	35	547	1,619	24,523	1,654	25,070
20-99 units	176	9,152	3,520	131,156	3,696	140,308
100+ units	253	69,278	227	49,900	480	119,178
Queens	519	50,007	1,268	52,478	1,787	102,485
11-19 units	46	674	324	4,956	370	5,630
20-99 units	284	17,235	885	38,812	1,169	56,047
100+ units	189	32,098	59	8,710	248	40,808
Staten Island	57	4,074	17	763	74	4,837
11-19 units	11	154	7	109	18	263
20-99 units	32	1,269	7	324	39	1,593
100+ units	14	2,651	3	330	17	2,981
Core Man	418	73,345	3,807	137,053	4,225	210,398
11-19 units	31	485	1,463	22,110	1,494	22,595
20-99 units	147	7,577	2,166	71,988	2,313	79,565
100+ units	240	65,283	178	42,955	418	108,238
Upper Man	46	5,632	1,559	68,526	1,605	74,158
11-19 units	4	62	156	2,413	160	2,475
20-99 units	29	1,575	1,354	59,168	1,383	60,743
100+ units	13	3,995	49	6,945	62	10,940

Source:NYC Department of Finance, RPIE Filings.

8. Longitudinal Income and Expense Study, Estimated Average Rent and Income Changes (2000-2001) by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	**6.4%§**	**6.9%**	**5.8%**	**4.2%**	**4.4%**	**4.3%**	**4.9%**	**5.2%§**	**4.8%**
11-19 units	14.5%	17.3%	7.8%	7.2%	6.7%	5.9%	7.8%	7.5%	6.0%
20-99 units	5.1%	5.3%	6.4%	4.0%	4.4%	3.9%	4.3%	4.6%	4.4%
100+ units	6.1%	6.8%	5.4%	2.4%	2.4%	4.7%	4.8%	5.3%	5.1%
Bronx	8.9%	9.9%	7.6%	5.2%	5.3%	5.8%	5.9%	6.2%	6.1%
11-19 units	-	-	-	14.8%	11.1%	8.4%	13.7%	10.5%	7.3%
20-99 units	4.0%	5.0%	4.8%	4.6%	5.0%	5.4%	4.5%	5.0%	5.3%
100+ units	15.6%	15.9%	12.0%	3.3%	3.4%	6.7%	9.9%	10.2%	9.5%
Brooklyn	6.1%	6.2%	7.1%	4.2%	4.0%	4.5%	4.6%	4.4%	5.1%
11-19 units	-	-	-	6.2%	5.5%	6.7%	6.7%	6.2%	6.5%
20-99 units	5.7%	5.3%	6.5%	4.2%	3.9%	4.5%	4.6%	4.3%	5.0%
100+ units	6.3%	7.6%	8.7%	2.0%	2.3%	2.0%	5.5%	6.2%	7.1%
Manhattan	6.1%	7.2%	6.4%	3.7%	4.2%	3.8%	4.3%	5.0%	4.4%
11-19 units	2.3%	3.0%	-1.8%	6.7%	6.7%	5.9%	6.5%	6.6%	5.5%
20-99 units	7.6%	8.9%	10.6%	3.4%	4.2%	2.8%	3.8%	4.6%	3.4%
100+ units	5.8%	6.8%	5.5%	2.2%	2.1%	5.2%	4.4%	5.1%	5.4%
Queens	4.7%	4.5%	4.1%	5.3%	5.4%	4.1%	4.9%	4.8%	4.1%
11-19 units	7.6%	7.2%	5.6%	4.2%	4.2%	0.0%	5.1%	5.0%	1.5%
20-99 units	3.9%	3.9%	5.1%	5.6%	5.7%	4.9%	4.7%	4.7%	5.0%
100+ units	5.0%	4.4%	2.9%	4.0%	4.3%	4.0%	4.9%	4.4%	3.0%
Staten Island	6.4%	8.2%	8.8%	-	-	-	6.4%	8.2%	8.8%
Core Manhattan	6.1%§	7.2%	6.4%	3.5%	3.7%	4.4%	4.3%	4.8%§	5.0%
11-19 units	-	-	-	5.4%	5.3%	5.0%	5.2%	5.2%	4.6%
20-99 units	7.9%	9.3%	10.8%	3.5%	3.8%	3.7%	4.0%	4.5%	4.4%
100+ units	5.8%	6.9%	5.7%	2.5%	2.4%	5.9%	4.5%	5.1%	5.8%
Upper Manhattan	4.4%	4.5%	2.4%	4.7%	6.3%	2.6%	4.6%	6.1%	2.6%
11-19 units	-	-	-	18.5%	20.2%	13.1%	18.2%	19.7%	12.0%
20-99 units	-	-	-	3.2%	4.8%	1.3%	3.7%	4.9%	3.3%
100+ units	-	-	-	1.0%	1.7%	-0.2%	2.8%	3.2%	0.7%
All City w/o Core Manhattan	5.7%§	4.5%	5.2%	4.8%	5.1%	4.3%	5.1%	4.9%§	4.6%

Notes: City and borough totals are weighted,while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of post-46 rent stabilized buildings with fewer than 20 units in the Bronx,Brooklyn,Core and Upper Manhattan as well as buildings with 20-99 units and 100+ units in Upper Manhattan were too small to calculate reliable statistics as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Staten Island are provided.

§The Citywide percent changes exceed the percent changes in the two sub-areas of Core Manhattan and All City without Core Manhattan in the 2001 data in these instances.Normally we would expect the Citywide value to come in between the values for these two subdivisions of the City. However, although the number of buildings filing RPIE forms in both years is exactly the same, there is a slight increase in the number of reporting units in 2001 compared to the same buildings in 2000. Since a larger percentage of the newly reporting units were in the Core which had higher revenues in the new year compared to the old year, this put upward pressure on the average increase and there was a shift upward in the average revenues citywide.

This is not apparent in the subdivided groups because in the sub groups, we look at revenue per unit reporting,in the new year compared to old year, which mitigates the effect of newly reporting units. To get the aggregate, we must calculate average revenue per unit citywide, which is the sum of all revenues divided by all the units. The difference in the way the aggregate number is calculated gives more weight to the newly reporting units (which showed higher revenue increases this year) in the Citywide figure than in the sub group figures.

Source: NYC Department of Finance, RPIE Filings.

9. Longitudinal Income and Expense Study, Net Operating Income Changes (2000-2001) by Building Size and Location

	Post-46	Pre-47	All
Citywide	**8.4%§**	**4.6%**	**5.9%§**
11-19 units	38.2%	8.1%	10.1%
20-99 units	3.5%	5.3%	5.0%
100+ units	8.4%	-0.6%	5.4%
Bronx	14.5%	4.1%	6.5%
11-19 units	-	23.8%	24.5%
20-99 units	5.4%	3.8%	4.0%
100+ units	22.5%	-2.9%	11.5%
Brooklyn	4.0%	2.9%	3.1%
11-19 units	-	2.7%	5.3%
20-99 units	2.3%	2.9%	2.8%
100+ units	5.5%	2.8%	4.5%
Manhattan	8.0%	4.8%	5.8%
11-19 units	10.6%	7.9%	8.0%
20-99 units	7.0%	6.2%	6.3%
100+ units	8.0%	-1.2%	4.8%
Queens	5.2%	7.6%	6.1%
11-19 units	10.8%	13.2%	12.6%
20-99 units	1.9%	7.2%	4.3%
100+ units	7.4%	4.8%	7.1%
Staten Island	7.1%	-	7.1%

	Post-46	Pre-47	All
Core Manhattan	7.9%§	2.9%	4.6%§
11-19 units	-	5.7%	5.9%
20-99 units	7.7%	4.1%	4.5%
100+ units	7.9%	-1.3%	4.5%
Upper Manhattan	8.9%	14.8%	14.0%
11-19 units	-	41.4%	41.4%
20-99 units	-	12.6%	12.3%
100+ units	-	5.0%	9.1%
All City w/o Core Manhattan	3.4%§	6.7%	5.6%§

Notes: City and borough totals are weighted, while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. The number of post-46 rent stabilized buildings with fewer than 20 units in the Bronx,Brooklyn,Core and Upper Manhattan as well as buildings with 20-99 units and 100+ units in Upper Manhattan were too small to calculate reliable statistics as was the number of Pre-47 buildings in Staten Island. Borough averages without building size figures for Staten Island are provided.

§ see Note § page 23.

Source: NYC Department of Finance, RPIE Filings.

10. Longitudinal Sample, 2000 & 2001 RPIE Filings

	Post-46		Pre-47		All	
	Bldgs.	DU's	Bldgs.	DU's	Bldgs.	DU's
Citywide	**1,384**	**159,960**	**9,899**	**408,503**	**11,283**	**568,463**
11-19 units	96	1,458	2,133	60	2,229	1,518
20-99 units	775	45,949	7,406	60	8,181	46,009
100+ units	513	112,553	360	64,646	873	177,199
Bronx	198	14,745	2,069	98,421	2,267	113,166
11-19 units	11	159	142	2,108	153	2,267
20-99 units	156	9,380	1,862	86,633	2,018	96,013
100+ units	31	5,206	65	9,680	96	14,886
Brooklyn	269	26,820	2,099	86,965	2,368	113,785
11-19 units	11	172	383	5,791	394	5,963
20-99 units	178	11,845	1,657	74,148	1,835	85,993
100+ units	80	14,803	59	7,026	139	21,829
Manhattan	403	69,090	4,606	175,407	5,009	244,497
11-19 units	29	457	1,332	20,423	1,361	20,880
20-99 units	161	8,122	3,096	115,275	3,257	123,397
100+ units	213	60,511	178	39,709	391	100,220
Queens	464	45,629	1,114	47,241	1,578	92,870
11-19 units	36	543	271	4,187	307	4,730
20-99 units	252	15,476	787	35,050	1,039	50,526
100+ units	176	29,610	56	8,004	232	37,614
Staten Island	50	3,676	11	469	61	4,145
11-19 units	9	127	5	80	14	207
20-99 units	28	1,126	4	162	32	1,288
100+ units	13	2,423	2	227	15	2,650
Core Manhattan	362	63,750	3,281	117,057	3,643	180,807
11-19 units	27	427	1,203	18,413	1,230	18,840
20-99 units	134	6,677	1,939	64,391	2,073	71,068
100+ units	201	56,646	139	34,253	340	90,899
Upper Manhattan	41	5,340	1,325	58,350	1,366	63,690
11-19 units	2	30	129	2,010	131	2,040
20-99 units	27	1,445	1,157	50,884	1,184	52,329
100+ units	12	3,865	39	5,456	51	9,321

Source:NYC Department of Finance, RPIE Filings.