
2008 Income and Expense Study

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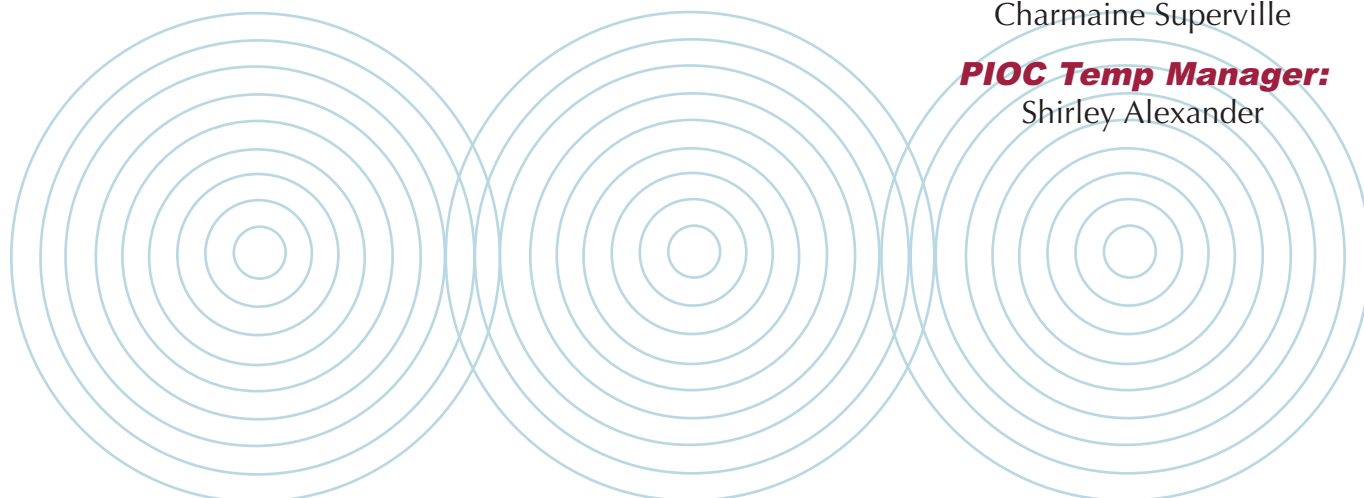
Leon Klein

Public Information:

Charmaine Superville

PIOC Temp Manager:

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2008 Income and Expense Study

What's New

From 2005 to 2006, increases in rental and total income outpaced a smaller increase in operating costs. Because operating cost grew less than the increase in income, net operating income (revenue remaining after operating expenses are paid) increased.

In stabilized buildings, from 2005-2006:

- ✓ Rental income increased by **5.6%**.
- ✓ Total income rose by **5.5%**.
- ✓ Operating costs increased by **4.1%**.
- ✓ Net operating income (NOI) grew by **8.8%**.

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.

These findings examine the conditions that existed in New York's rent stabilized housing market in 2006, the year for which the most recent data is available, and also the extent by which these conditions changed from 2005.

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 \$40,000), the mandate produces detailed financial records on thousands of rent stabilized buildings. Although information on individual properties is strictly confidential, the 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 12,600 properties containing over 571,000 units.

Cross-Sectional Study

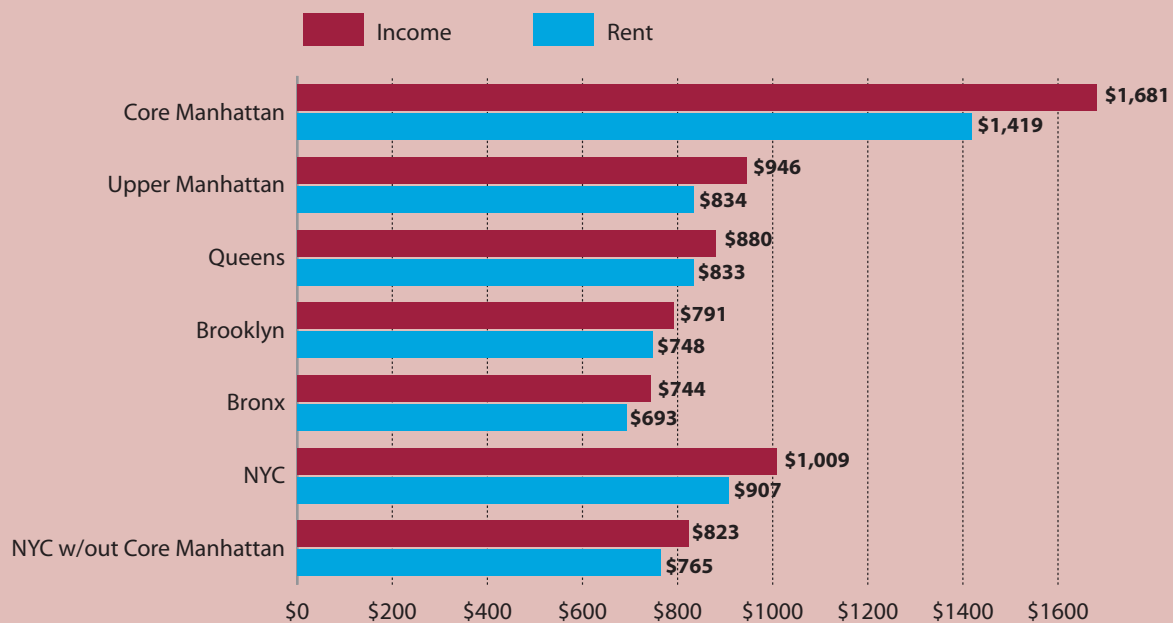
Rents and Income¹

In 2006, rent stabilized property owners collected monthly rent averaging \$907 per unit. As in prior years, units in pre-war buildings rented for less on average (\$857 per month) than those in post-war buildings (\$1,020 per month).² At the borough level, monthly rents in stabilized buildings were \$1,202 in Manhattan, \$833 in Queens, \$748 in Brooklyn and \$693 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). Examining median figures, the median rent citywide was \$782. At the borough level, median monthly rent was \$1,024 in Manhattan, \$817 in Queens, \$709 in Brooklyn and \$673 in the Bronx.

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 \$1,009 per rent stabilized unit in 2006, with pre-war buildings earning \$958 per unit and those in post-war properties earning \$1,125 per unit. Gross income was highest in Core Manhattan at \$1,681 per unit per month, and lowest in the Bronx at \$744. Monthly income per unit in the City, excluding Core Manhattan, was \$823. 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 10.1% share of the total income earned by building owners in 2006, lower than last year's 10.6% share. By borough, income earned from the sale of services was 14.7% in Manhattan (15.6% in Core Manhattan and 11.8% in Upper Manhattan); 5.4% in both Queens and Brooklyn; and 6.9% in the Bronx. The graph on this page shows the average rent and income collected in

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

Stabilized Rent and Income Were Highest in Manhattan in 2006



* See Endnote 1

Note: Core Manhattan represents the area south of W 110th and E 96th Streets.

Upper Manhattan is the remainder of the borough.

Source: NYC Department of Finance, 2006 RPIE Filings

2006 by borough, and for the City as a whole. Median citywide income in 2006 was \$832. At the borough level, Manhattan had the highest median income, at \$1,189, followed by Queens at \$838, Brooklyn at \$740 and the Bronx at \$711. (For rent and income averages and medians by borough and building age and size, see Appendix 3 and 4.)

Comparing Rent Measurements

Another data source, the NYS Division of Housing and Community Renewal (DHCR) annual registration data, provides important comparative rent data to the collected rents stated in RPIE filings. A comparison of the collected RPIE rents to the DHCR rents 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.

Rents included in RPIE filings are different than DHCR figures 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. By contrast, DHCR data consists of legal rents registered annually with the agency. Since DHCR rent data does not include vacancy and collection losses, in most years these rents are generally higher than RPIE rent collections data. Furthermore, RPIE information includes unregulated apartments in buildings containing rent stabilized units. Also, the RPIE information reflects rents collected over a 12-month period while DHCR data reflects rents registered on April 1, 2006. In sum, despite the anomalies between the two rent indicators, the difference between RPIE rents and DHCR rents is a good estimate of vacancy and collection losses incurred by building owners, and the relative change in the gap is one way of estimating the change in such losses from year to year.

In comparing annual RPIE and DHCR average rents from 1991 to 2001, the gap between the two contracted steadily during that time period. In fact, from 1991-2001, the difference between RPIE and DHCR rents decreased by almost two-thirds, from a difference of 15% between the two in 1991 to a difference of 5.6% in 2001. However, since that time, the gap has grown almost every year, to a current difference of 13.9%, as indicated by the average I&E rent of \$907 and DHCR's mean stabilized rent of \$1,053.³ This gap between

Rent Comparisons, 2005-06

RPIE Rent Growth Grew Faster than RGB Rent Index but not DHCR Rent

	RPIE Rent Growth	DHCR Rent Growth (Adjusted) [§]	RGB Rent Index (Adjusted) [¶]
90-91	3.4%	4.1%	4.1%
91-92	3.5%	3.0%	3.7%
92-93	3.8%	3.0%	3.1%
93-94	4.5%	2.4%	2.9%
94-95	4.3%	3.1%	3.1%
95-96	4.1%	4.1%	4.5%
96-97	5.4%	4.6%	5.2%
97-98	5.5%	3.3%	3.7%
98-99	5.5%	3.7%	3.8%
99-00	6.2%	4.4%	4.2%
00-01	4.9%	5.3%	5.0%
01-02	4.0%	4.4%	4.5%
02-03	3.6%	6.9%	4.1%
03-04 [‡]	-	1.6%	5.5%
04-05	4.6%	5.8%	4.6%
05-06	5.6%	5.9%	4.3%
1990 to 2006*	96.1%	89.9%	91.1%

* Not adjusted for inflation

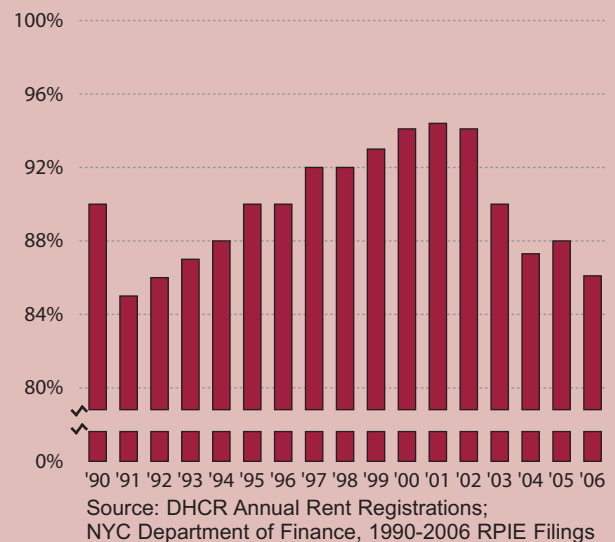
§ See endnote 3 ¶ See endnote 5

‡ See endnote 6

Source: DHCR Annual Rent Registrations; NYC Department of Finance, 1990-2006 RPIE Filings

Average Monthly Citywide Collected Rents as a Share of Average Monthly DHCR Legal Registered Rents, 1990-2006

Percentage of Legal Rent Collected Decreases in 2006



collected and legal rent indicates that building owners are not collecting the full amount of their legal rent rolls. (see graph on previous page).

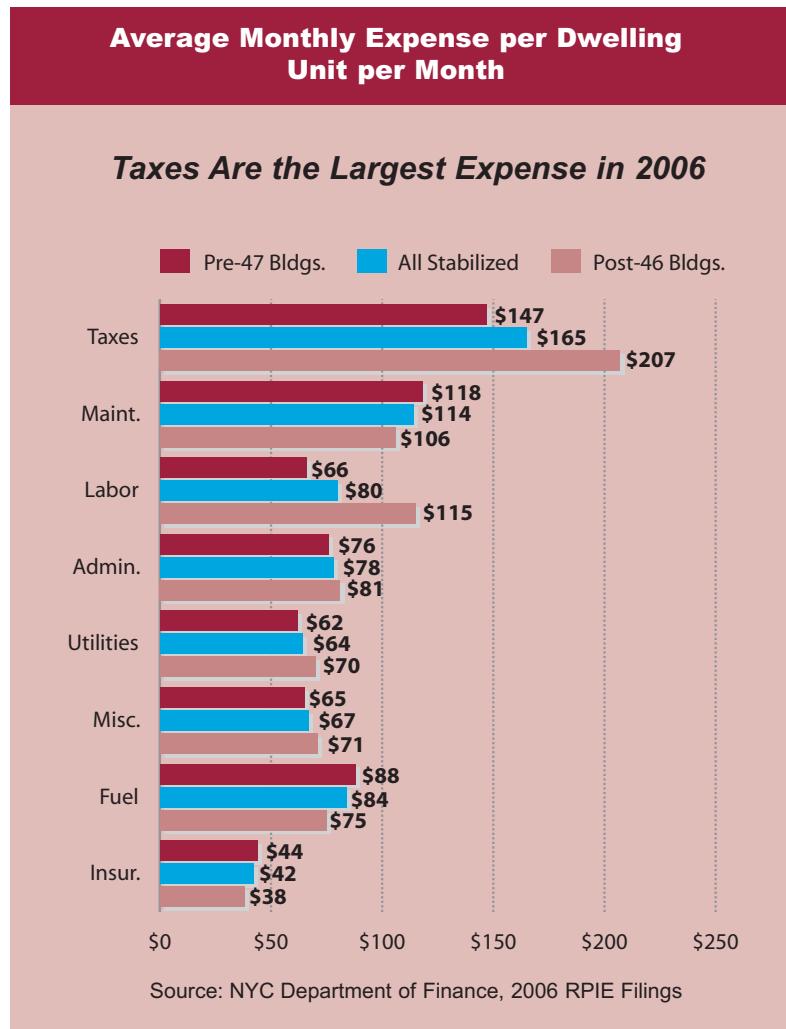
At the borough level, the gap between collected and legal rent varies widely. In 2006, Manhattan property owners collected an average rent (\$1,202) that was 9.8% below DHCR’s average legal rent for the borough (\$1,332) while owners in the other boroughs collected average rents that were 16.7% lower than legal rents in Queens, 17.7% lower in Brooklyn and 19.9% lower in the Bronx. At least part of this differential in the boroughs is due to preferential rents, usually offered when the legal stabilized rent exceeds the market rate for the area.⁴

Another 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 table on the previous page shows, during most of the 1990’s, average rent collection increases were higher than the renewal lease increases allowed by the RGB’s guidelines. However, until this year’s study, most years in the 2000’s saw rent collection increases that were lower than that allowed by the RGB’s guidelines. But from 2005 to 2006, RPIE rent collections, up by 5.6%, again outpaced the RGB index, which increased by 4.3% (adjusted to a calendar year).⁵ There are a number of ways in which rents may be raised beyond the RGB’s guidelines, including the deregulation of apartment units as well as through individual apartment and building-wide improvements. A longer view of the three indices shows that overall, collected rents have grown more quickly than either DHCR legal rents or RGB rent guidelines from 1990 to 2006. During that period, RPIE collected rents increased 96.1%, the adjusted RGB Rent Index increased 91.1%, and DHCR adjusted legal rents increased 89.9% (these figures are not adjusted for inflation).⁶

Operating Costs

Rent stabilized apartment buildings incur several types of expenses in order to operate efficiently. RPIE filings include data on eight categories of operating and maintenance (O&M) costs: taxes; labor; utilities; fuel; insurance; maintenance; administrative; and miscellaneous costs. However, in contrast to revenues, 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. 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 \$695 in 2006. Costs were lower in units in



pre-war buildings (\$666), and considerably higher among post-war structures (\$763). Geographically, average costs were lowest in the Bronx (\$567), Brooklyn (\$575) and Queens (\$619) and highest in Manhattan (\$906). Looking more closely at Manhattan buildings, costs for units located in Core Manhattan averaged \$1,027 a month while the costs in Upper Manhattan were \$702. The average monthly operating costs for stabilized building owners in New York City, excluding Core Manhattan, reduces the City average to \$603. Median citywide expenses in 2006 were \$605. By borough, Manhattan had the highest median costs, at \$749; followed by Queens at \$588; the Bronx at \$540; and Brooklyn at \$531. The graph on the previous page details average monthly expenses by cost category and building age for 2006. As the graph shows, taxes make up the largest share of expenses. (See Appendices 1, 2 and 3 for a breakdown of average costs by borough and building age. Appendix 4 details median costs.)

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 46 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 2006 RPIE O&M cost (\$695) by the results of the 1992 audits results in an average monthly O&M cost of \$639 citywide.

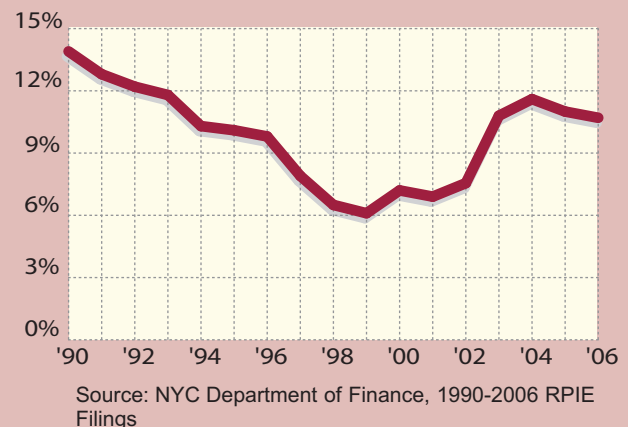
Just as buildings without commercial space typically generate less revenue than stabilized properties with commercial space, operating expenses in these buildings tend to be lower on average than in buildings with a mixture of uses. This year, unaudited average O&M costs for “residential-only” buildings were \$646 per month, while average audited O&M costs for units in “residential-only” buildings were \$593 per month.

"Distressed" Buildings

Buildings that have operating and maintenance costs greater than gross income are considered distressed. Among the properties that filed 2006 RPIE forms, 1,351 buildings, or 10.7% of the cross-sectional sample, had O&M costs in excess of gross income, down from 11.0% found the prior year. In 2006, only 94 (7.0%) of these distressed buildings were built after 1946. After 1990, when 13.9% of the sample of stabilized properties were considered distressed, the proportion of distressed buildings declined each year until 1999, reaching a low of 6.1%. Since then, the proportion has increased about as often as it has decreased, and has gone down for the last two years (see graph on this page). Most distressed stabilized properties are mid-sized (20 to 99 units), pre-war and are located in Manhattan, Brooklyn and the Bronx.

Percent of Distressed Properties in Cross-Sectional Samples 1990-2006

Share of Distressed Properties Decreased in 2006



Net Operating Income

In most stabilized buildings, revenues exceed operating costs, yielding funds that can be used for mortgage payments, improvements and/or 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 \$314 of net income per month in 2006, with units in post-war buildings earning more (\$362 per month) than those in pre-war buildings (\$292 per month). Average monthly NOI in “residential-only” properties citywide was \$282 per unit in 2006, 10.2% lower than the norm for all stabilized buildings. Average monthly NOI tended to be considerably greater for stabilized properties in Manhattan (\$502) than for those in the other boroughs: \$177 in the Bronx, \$216 in Brooklyn and \$261 in Queens. There was a large difference when looking at NOI on a sub-borough level in Manhattan. Core Manhattan properties earned on average \$654 a month in NOI, while properties in Upper Manhattan had an NOI of \$244. The monthly NOI average calculated citywide, excluding Core Manhattan, was \$219. Looking at the NOI using audited expense figures, the citywide NOI in 2006 was \$370.

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 unaudited monthly NOI of \$314 per stabilized unit by the typical size of buildings in this year’s cross-sectional sample (45 units) yields an estimated mean annual NOI of about \$170,000 in 2006.

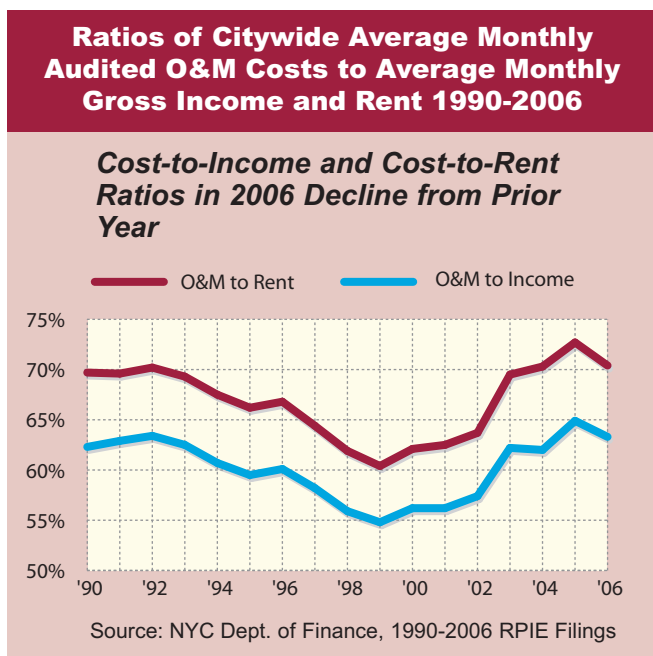
Operating Cost Ratios

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 graph on this page shows how over the period from 1990-2006, the proportion of total income and rent collections spent on audited operating costs has fluctuated. The Cost-to-Income ratio in 2006 is 63.3%, a decrease of 1.6 percentage points from the prior year’s 64.9%. This means that on average, owners of rent stabilized properties spent about 63 cents out of every dollar of revenue on operating and maintenance costs in 2006. Looking at unaudited expenses, the cost-to-income ratio in 2006 was 68.9%.

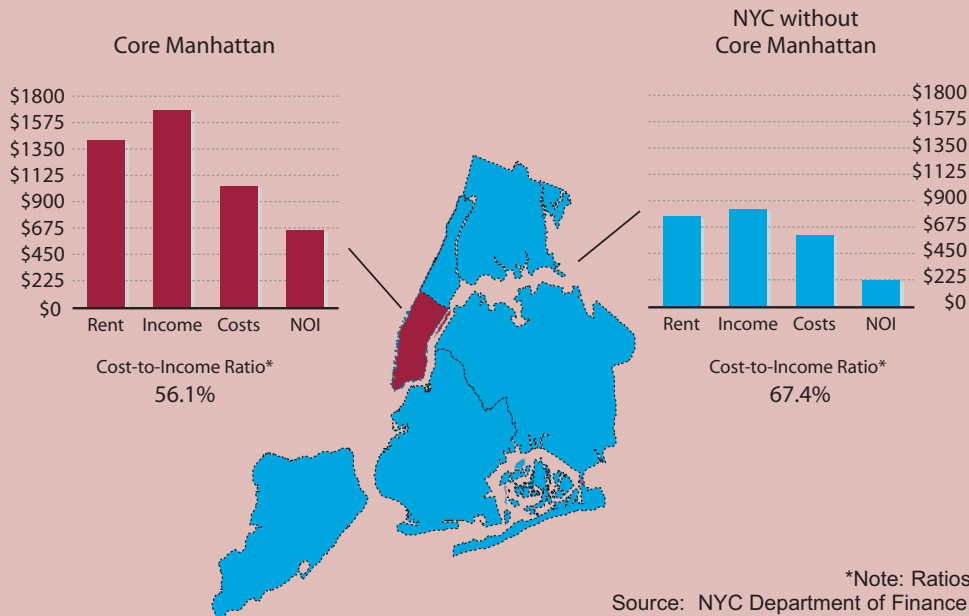
Looking at the ratio of costs to rent collections, audited operating costs in 2006 were 70.4% of revenues from rent, a decrease of 2.3 percentage points from the prior year. Using unaudited expenses, the cost-to-rent ratio in 2006 was 76.7%.

Rents, income and costs per unit were on average highest in Core Manhattan in 2006 (see map and graphs on the following page). When looking at the city with core Manhattan excluded, the average revenue and costs figures are generally lower, resulting in expense to revenue ratios that are different. The Cost-to-Income Ratio for the rest of the City was 67.4%, considerably higher than the Cost-to-Income Ratio for stabilized buildings in Manhattan’s Core



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, 2006

Cost-to-Income Ratio Lower in Core Manhattan in 2006



(56.1%). These figures indicate that on average, owners of stabilized properties outside of Core Manhattan spend about eleven cents more of every dollar of revenue on expenses compared to their counterparts in Core Manhattan.

Net Operating Income After Inflation

The amount of net operating income is a function of the level of expense and the level of revenue in a given year (revenues minus operating expenses equals net operating income). Adjusting NOI as well as rent, income and costs figures for inflation (in constant 2006 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 2006 dollars helps to analyze how much NOI has grown in real terms since the RGB began collecting RPIE data from a significant number of buildings. Point-

to-point comparisons of average monthly figures show that from 1990 to 2006, after adjusting for inflation, NOI (the surrogate measure for profit) has increased 8.1% (see graph on next page). This indicates that revenues have outpaced expenses to the extent that average monthly NOI was worth 8.1% more in 2006 than it was in 1990, after adjusting for inflation.⁷

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. During the 1990 to 2006 period, inflation-adjusted rent increased a cumulative 12.9%, income by 12.3%, costs by 14.2% and NOI by 8.1%.

Since 1990, the ratio of NOI to income varied. From 1990-96 the ratio of NOI/income averaged 33%; while from 1997-2002, NOI's share of income averaged 39%. In the last four years, the average ratio of NOI/income was about 31%.

While the citywide graph of inflation-adjusted revenue, expense and NOI figures is useful for

Change in Rent, Income, Expenses & NOI After Inflation, 1989-2006 vs. 1990-2006

Change in Rent

	'89-'06	'90-'06
Citywide	5%	13%
Manhattan	5%	14%
Brooklyn	12%	16%
Queens	18%	15%
Bronx	-6%	12%

Change in Income

	'89-'06	'90-'06
Citywide	5%	12%
Manhattan	6%	12%
Brooklyn	13%	18%
Queens	17%	15%
Bronx	-3%	15%

Change in Expenses

	'89-'06	'90-'06
Citywide	11%	14%
Manhattan	12%	13%
Brooklyn	15%	18%
Queens	16%	16%
Bronx	11%	19%

Change in NOI

	'89-'06	'90-'06
Citywide	-6%	8%
Manhattan	-3%	10%
Brooklyn	8%	17%
Queens	20%	12%
Bronx	-31%	3%

Source: RGB *Income and Expense Studies*, 1991-2008

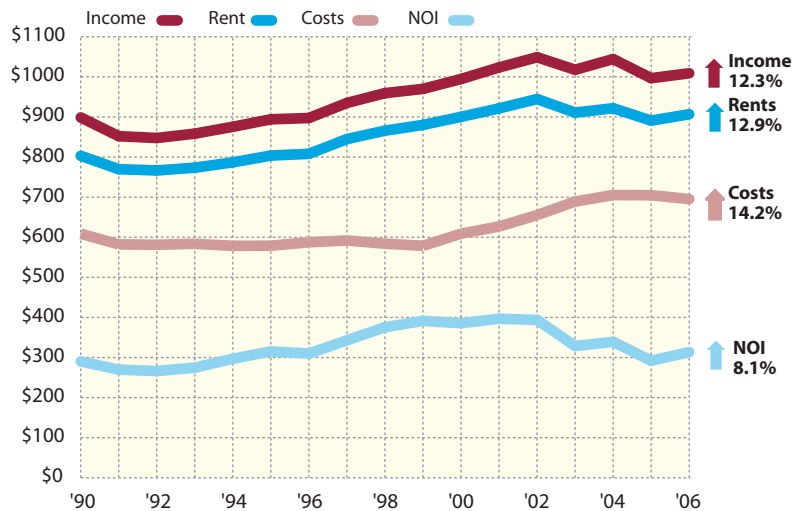
Note: See endnote 7.

demonstrating the overall stabilized rental housing market, disaggregating the same figures by borough shows how the market can differ from area to area (see graphs on next page). Looking at each of the boroughs individually, from 1990 to 2006, Manhattan, Brooklyn and Queens all saw double-digit increases in their net income, with Brooklyn seeing the largest increase, 17%, followed by Queens, up 12%, and Manhattan, up 10%, while the Bronx saw a more modest 3% increase in NOI over the same period.

In previous I&E reports the analysis of inflation adjusted numbers used 1989 as the base year. This section now uses 1990 as the base year for comparison because that is when data from a significant number of buildings became available due to the computerization of income and expense data filings. In 1989, there were 500 buildings in the cross-sectional sample, of which 250 were pre-war and 250 post-war. This small sample size did not accurately represent the universe of predominantly pre-war rent stabilized buildings. But beginning in 1990, there were over fourteen thousand buildings. For comparison, see the sidebar on this page for the change in rent, income, expenses and NOI since 1989 compared to the base year of 1990.

Citywide Income, Rents, Costs and NOI After Inflation, 1990-2006

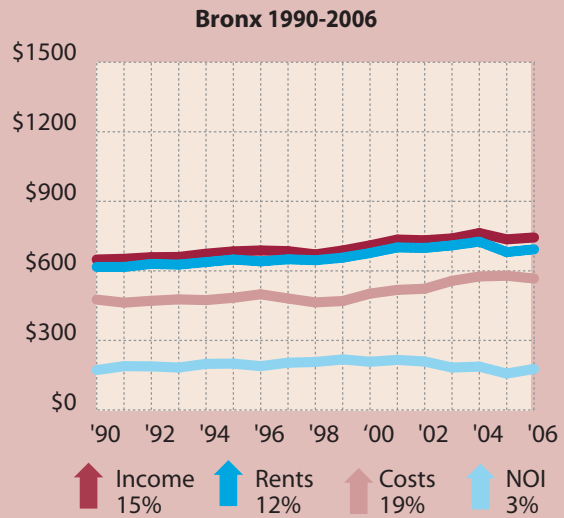
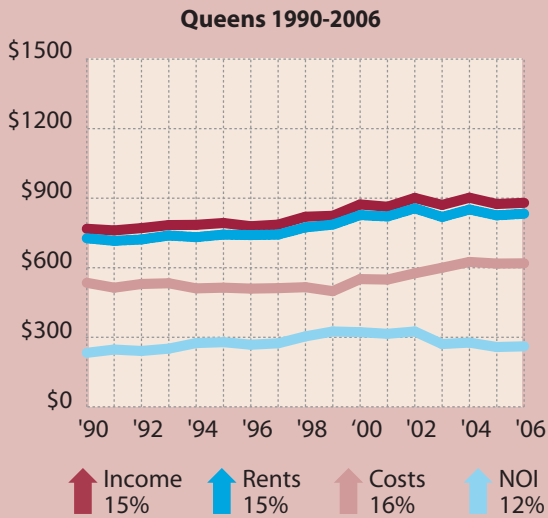
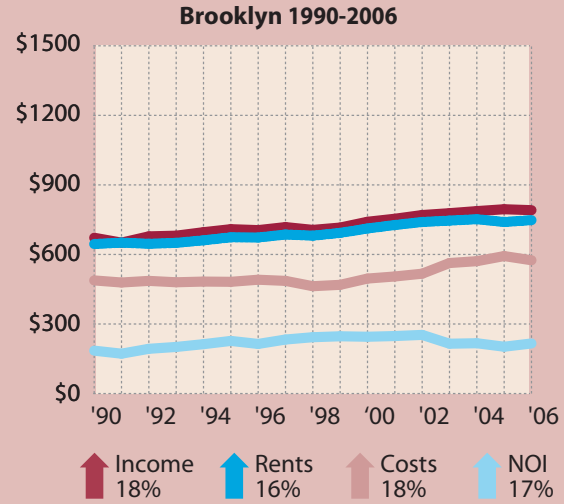
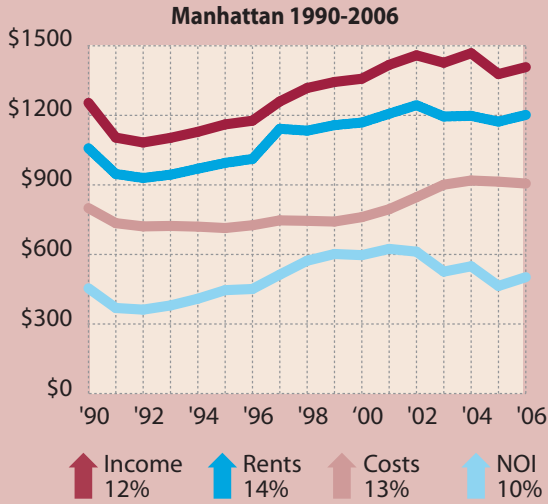
After Inflation, NOI Up Since 1990
(Average Monthly Income, Rent, Operating Costs and Net Operating Income per Dwelling Unit in Constant 2006 Dollars)



Note: Percent changes are point-to-point measurements and should not be considered cumulatively.
Source: RGB *Income and Expense Studies*, 1992-2008. NYC Department of Finance, 1990-2006 RPIE Filings

Income, Rents, Costs and NOI After Inflation per Borough, 1990-2006

Since 1990, Inflation-Adjusted NOI Rises in All Boroughs
 (Average Monthly Income, Rent, Operating Costs and Net Operating Income per Dwelling Unit in Constant 2006 Dollars)



Note: Percent changes are point-to-point measurements and should not be considered cumulatively.
 Source: RGB Income and Expense Studies, 1992-2008. NYC Department of Finance, 1990-2006 RPIE Filings

Longitudinal Study

The longitudinal section of this study measures changes in rent, income, costs, net operating income, operating cost ratios and net operating income that occurred from 2005 to 2006.

Rents and Income

Increases in rent collections occur for many reasons, including increases allowed under RGB renewal

guidelines, vacancy allowances of 17-20% allowed under the Rent Regulation Reform Act of 1997 and investments in individual apartment and building-wide improvements.

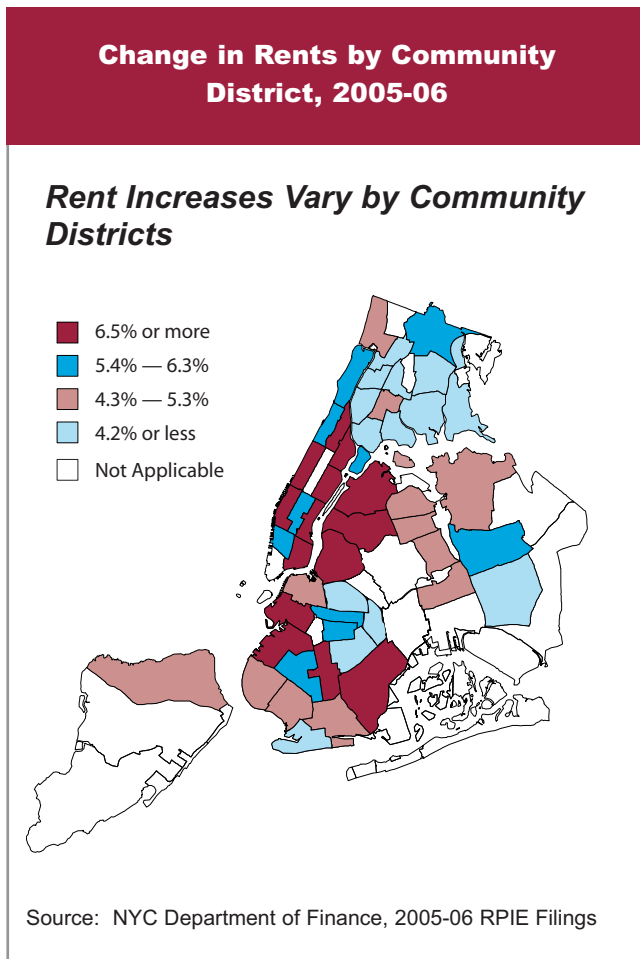
Average rent collections in stabilized buildings rose by 5.6% in 2006. Rent collections in post-war buildings grew at a lesser rate, up 5.1%, than pre-war buildings, which increased by 5.9%. Rent collections for all stabilized units increased by 6.4%, 5.2% and 6.2% for small (11-19 unit), medium (20-99 unit) and

large (100+ unit) buildings respectively. Examining rent collections by borough, Manhattan saw the largest increase, up 6.5%, with Upper Manhattan seeing rent growth of 7.0% and Core Manhattan seeing a 6.3% increase. The other boroughs also saw increased rent collections, up 5.5%, 4.9% and 4.3% in Brooklyn, Queens and the Bronx, respectively. The median growth in rent citywide was 5.6%.

Looking at rent collections throughout New York City, all community districts (CDs) saw increases from 2005-06.⁸ Seven out of eleven neighborhoods in Manhattan saw average rent growth that was 6.5% or higher: Lower East Side/Chinatown, Central Harlem, Chelsea/Clinton, Upper West Side, East Harlem, Stuyvesant Town/Turtle Bay, and the Upper East Side. By contrast, only five CDs outside of Manhattan had rent growth exceeding 6.5%: Sunset Park, Park Slope/Carroll Gardens and Flatbush (in Brooklyn), and

Astoria and Sunnyside/Woodside (in Queens). Some of the lowest growths in rent (less than 3%) were found in Bedford-Stuyvesant (in Brooklyn), Jamaica (in Queens) and Kingsbridge Heights/Mosholu/Norwood as well as Soundview/Parkchester (both in the Bronx). See the map on this page for a breakdown of rent increases by community districts throughout New York City.

The total income collected in rent stabilized buildings, comprising apartment rents, commercial rents and sales of services, increased by 5.5% from 2005 to 2006. Revenues rose in pre-war buildings by 5.7% and in post-war buildings by 5.2%. Income in Manhattan rose 6.5%. In Brooklyn, the Bronx and Queens, property owners' total income grew less than in Manhattan but about the same in each borough, by 4.4%, 4.6% and 4.9%, respectively. The gross income of Core Manhattan properties grew by 6.5%, while Upper Manhattan income grew by even more, 6.8%, and both more than the City average (5.5%). The median growth in income citywide was 5.0%.



Operating Costs

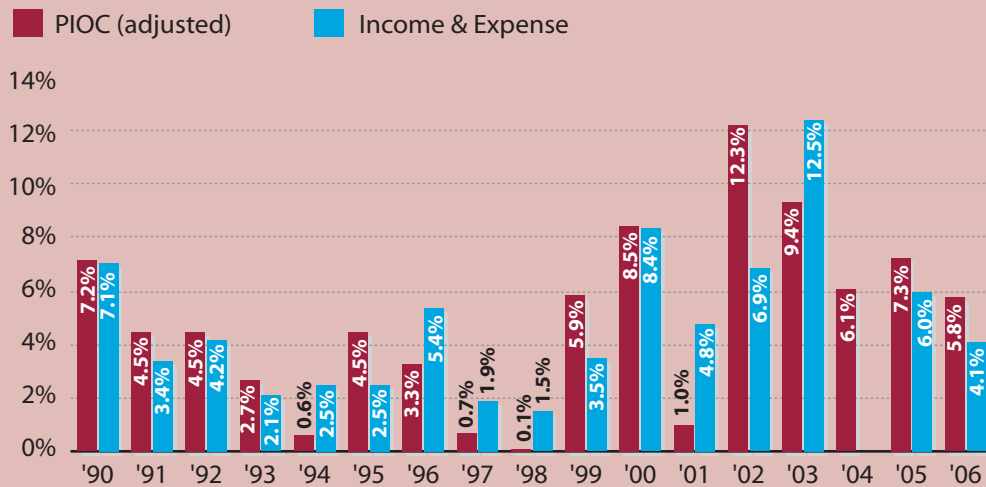
Expenses in stabilized buildings grew 4.1%, a lower rate of increase than in both rents and total income from 2005-06. Costs went up more in older, pre-war buildings, up 4.3%, in contrast to the increase in costs realized by post-war buildings (3.6%). While I&E studies have found that rent and income revenues tend to rise at rates similar 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. This year costs rose most rapidly in Manhattan (4.9%) and Queens (4.5%), and the least in Brooklyn (3.0%) and the Bronx (2.9%). The median citywide increase in expenses was 3.7%. For a detailed breakdown of the changes in rent, income and costs by building size age and location, see Appendices 9 and 10.

RPIE Expenses and the PIOC

Data from 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

Change in Operating & Maintenance Costs, I&E and the PIOC, 1990 to 2006

In 2006, the PIOC Increased At A Greater Rate than Owner-Reported RPIE Costs



*Longitudinal income and expense data for 2003-04 is unavailable (see endnote 6).

Note: The PIOC increase is adjusted from the April-to-April to the January-to-December calendar year. This is a revision from prior *Income and Expense Studies*.

Source: NYC Department of Finance, 1990-2006 RPIE Filings; PIOC 1990-2006

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. (See endnote 3.) To compare the two, weighted averages of each must be calculated, which may cause a 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. The PIOC rose 5.8% from 2005 to 2006, the same period as the 4.1% increase in I&E costs, a 1.7 percentage point difference. (See graph on this page.)

Operating Cost Ratios

Between 2005 and 2006, the proportion of gross income spent on audited expenses (the O&M Cost-

to-Income ratio) decreased by 0.9 percentage points. The proportion of rental income used for audited expenses (the O&M Cost-to-Rent ratio) also decreased, down by 1.0 percentage points. This is the first decrease in O&M Cost-to-Income and O&M Cost-to-Rent ratios in five years.

Net Operating Income

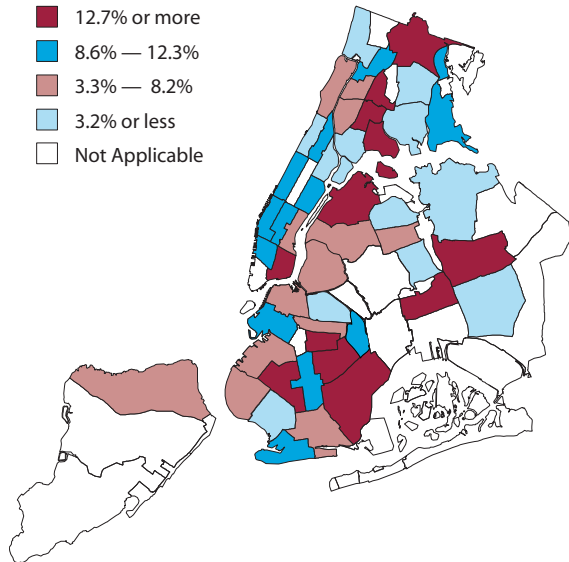
Since revenues grew faster than average operating during 2006, citywide net operating income in rent stabilized buildings increased by 8.8%. As mentioned earlier, NOI refers to the earnings that remain after operating and maintenance (O&M) expenses are taken care of, but before payments of income tax and debt service.

The change in NOI from 2005-06 differed among the boroughs. The Bronx saw the largest increase in NOI, rising 10.5%, while Manhattan increased 9.5%, Brooklyn by 8.2% and Queens by 5.7%. Looking specifically at Manhattan, Core Manhattan saw the

Change in NOI by Community District, 2005-06

Net Operating Income Changes Vary by Community District

- 12.7% or more
- 8.6% — 12.3%
- 3.3% — 8.2%
- 3.2% or less
- Not Applicable



Source: NYC Department of Finance, 2005-06 RPIE Filings

larger increase, up 9.7% while Upper Manhattan increased by 8.8%.

The map on this page shows that NOI growth was mixed across New York City. Among each of the boroughs, the Bronx showed the greatest contrast in NOI growth. Four out of the five neighborhoods with the greatest growth in NOI citywide were in the Bronx: Morrisania/Melrose/Claremont, Hunts Point/Longwood, East Tremont/Belmont, and Williamsbridge/Baychester. Even though the Bronx saw significant growth in NOI, Bronx neighborhoods also had some of the lowest NOIs in NYC, with an average of \$177 per unit. In contrast, three CDs in the Bronx saw a decrease in NOI: Soundview/Parkchester, Pelham Parkway, and Mott Haven/Port Morris. Decreases in NOI were also witnessed in Jackson Heights and Jamaica (in Queens), Bedford-Stuyvesant (in Brooklyn) and Morningside Heights/Hamilton Heights (in Manhattan). The greatest increases in NOI

were seen outside of Manhattan. Other than the Bronx, neighborhoods that had significant increases in NOI were Hillcrest/Fresh Meadows (in Queens), and Williamsburg/Greenpoint and South Crown Heights (both in Brooklyn). The Lower East Side/Chinatown was the only CD in Manhattan to see a rise in NOI greater than 12.5%. (See endnote 8.)

Conclusion

The RPIE filings from over 12,600 rent stabilized buildings containing more than 571,000 units in the cross-sectional sample illustrate growing Net Operating Income. Increased income outpaced smaller increases in expenses in 2006. Citywide, revenue collections increased 5.5%, while costs increased by 4.1%. Because of the greater increase in revenues from 2005-06, NOI citywide increased by 8.8%. In addition, all the boroughs saw an increase in NOI, and the number of distressed properties also fell from 2005-06, down 0.3 percentage points.

Methodology

The information in this report was generated by analyzing data derived from RPIE forms filed with the NYC Department of Finance in 2007 by owners of apartment buildings with primarily eleven or more dwelling units. The data in these forms, which reflects financial conditions in stabilized buildings for the year 2006, was made available to RGB research staff in March, 2008 for analysis. As was done for the first time last year, unit averages contained in this analysis were computed by the Department of Finance. The averages were then weighted by the RGB using data from the 2005 NYC Housing and Vacancy Survey to calculate means that are representative of the population of residential buildings in New York City. In addition, medians were calculated and included in this report. The medians derived from the sample were produced by the Department of Finance and are unweighted.

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 2006 RPIE or

**Changes in Average Monthly Rents, Income, Operating Costs and
Net Operating Income per Dwelling Unit, 1990-2006**

Growth in Revenues Outpaces Cost Increases from 2005-2006

	Avg. Rent Growth	Avg. Income Growth	Avg. Cost Growth	Avg. NOI Growth
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%
01-02	4.0%	4.1%	6.9%	-0.1%
02-03	3.6%	4.5%	12.5%	-8.7%
03-04	-	-	-	-
04-05	4.6%	4.7%	6.0%	1.6%
05-06	5.6%	5.5%	4.1%	8.8%

Source: NYC Department of Finance, 1990-2006 RPIE Filings
Note: Longitudinal data from 2003-04 is unavailable. See endnote 6.

alternatively, TCIE (Tax Commission Income & Expense) forms. Data from the forms was used to compute average and median rents, operating costs, etc., that were typical of the year 2006. Longitudinal data, which provides a direct comparison of identical elements over time, encompasses properties that filed RPIE/TCIE forms for the years 2005 and 2006. The longitudinal data describes changing conditions in average rents, operating costs, etc., by comparing forms from the same buildings over two years. Thus, cross-sectional data in this report measures conditions in effect throughout 2006, while longitudinal data measures changes in conditions that occurred from 2005 to 2006.

This year, 12,644 rent stabilized apartment buildings were analyzed in the cross-sectional study and 9,026 stabilized properties were examined in the longitudinal study. The sample of buildings was created by matching a list of properties registered with the

DHCR against building data found in 2006 RPIE or TCIE statements (or 2005 and 2006 statements for the longitudinal sample). A building is considered rent stabilized if it contains at least one rent stabilized unit.

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

- Buildings containing 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 2006 RPIE or TCIE form for the cross-sectional study, or a 2005 and a 2006 RPIE or TCIE form for the longitudinal study;
- No unit count could be found in RPIE/TCIE records; and
- No apartment rent or income figures were recorded on the RPIE or TCIE 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. Such screening for outliers is critical since such deviations may reflect data entry errors and thus could skew the analysis; and
- Buildings in which operating costs exceeded income by more than 300% as well as buildings above the 99th percentile or below the 1st percentile were excluded from both samples.

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). □

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. According to the NYC Department of Finance, over 90% of owners filing RPIE's report income and expense data by calendar year. In previous reports, adjusted DHCR data was calculated on a July-to-June fiscal year. The adjustment of DHCR data is now calculated on the January-to-December calendar year.
4. 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.

5. In previous reports, the adjusted RGB Rent Index was calculated on a July-to-June fiscal year. The adjustment of the RGB Rent Index is now calculated on the January-to-December calendar year. Also see Endnote 3.
6. Longitudinal data from 2003-04 is excluded from this study because no longitudinal sample was available for 2003-04. Therefore, the growth in RPIE collected rents is understated.
7. In 1989, there were 500 buildings in the cross-sectional sample. In 1990, there were over fourteen thousand buildings. When looking at the change in NOI from 1989 through 2006, NOI decreased 5.8%, after adjusting for inflation.
8. Eleven Community Districts were excluded from this analysis because they contained too few buildings for the data to be reliable. Unlike Citywide and borough level rent and expense data, average CD rents and expenses are unweighted and do not necessarily represent the population of buildings in these Community Districts. All averages were computed by the Department of Finance.

Appendices

1. Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (2006) 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	\$147	\$66	\$88	\$37	\$24	\$118	\$76	\$44	\$65	\$666
11-19 units	\$161	\$57	\$97	\$38	\$27	\$122	\$85	\$48	\$86	\$720
20-99 units	\$131	\$56	\$89	\$38	\$22	\$114	\$72	\$44	\$60	\$626
100+ units	\$252	\$163	\$64	\$33	\$37	\$137	\$96	\$38	\$71	\$890
Bronx	\$82	\$53	\$91	\$40	\$22	\$109	\$60	\$48	\$48	\$554
11-19 units	\$80	\$59	\$106	\$41	\$27	\$111	\$59	\$53	\$74	\$610
20-99 units	\$82	\$52	\$91	\$40	\$22	\$108	\$60	\$48	\$47	\$549
100+ units	\$91	\$66	\$77	\$39	\$26	\$123	\$69	\$44	\$38	\$573
Brooklyn	\$107	\$45	\$92	\$37	\$20	\$99	\$60	\$42	\$55	\$555
11-19 units	\$103	\$43	\$96	\$35	\$19	\$110	\$68	\$43	\$61	\$578
20-99 units	\$106	\$44	\$91	\$37	\$20	\$95	\$57	\$42	\$54	\$546
100+ units	\$122	\$61	\$81	\$39	\$19	\$109	\$58	\$38	\$42	\$569
Manhattan	\$221	\$92	\$85	\$37	\$30	\$139	\$100	\$45	\$86	\$835
11-19 units	\$232	\$68	\$98	\$40	\$35	\$138	\$111	\$53	\$112	\$887
20-99 units	\$192	\$71	\$88	\$37	\$25	\$136	\$93	\$45	\$77	\$764
100+ units	\$337	\$224	\$53	\$29	\$48	\$153	\$118	\$37	\$89	\$1,087
Queens	\$134	\$54	\$83	\$35	\$17	\$106	\$68	\$38	\$57	\$592
11-19 units	\$120	\$45	\$91	\$34	\$15	\$105	\$54	\$37	\$67	\$568
20-99 units	\$134	\$51	\$82	\$36	\$17	\$106	\$71	\$38	\$55	\$590
100+ units	\$169	\$105	\$81	\$35	\$19	\$105	\$61	\$39	\$55	\$669
Core Man	\$291	\$107	\$74	\$34	\$33	\$139	\$114	\$44	\$99	\$935
11-19 units	\$277	\$68	\$91	\$39	\$32	\$142	\$118	\$53	\$119	\$940
20-99 units	\$271	\$75	\$75	\$33	\$26	\$132	\$108	\$42	\$92	\$854
100+ units	\$355	\$233	\$51	\$29	\$49	\$154	\$122	\$37	\$91	\$1,121
Upper Man	\$118	\$69	\$101	\$41	\$27	\$138	\$81	\$47	\$67	\$690
11-19 units	\$112	\$70	\$116	\$43	\$42	\$125	\$92	\$52	\$93	\$744
20-99 units	\$118	\$67	\$100	\$41	\$24	\$140	\$80	\$47	\$62	\$680
100+ units	\$157	\$123	\$66	\$34	\$30	\$137	\$77	\$37	\$69	\$730
City w/o Core	\$105	\$54	\$92	\$39	\$22	\$111	\$66	\$44	\$55	\$588
11-19 units	\$104	\$51	\$100	\$37	\$24	\$111	\$68	\$45	\$70	\$611
20-99 units	\$104	\$53	\$91	\$39	\$21	\$111	\$65	\$44	\$53	\$582
100+ units	\$127	\$79	\$78	\$38	\$22	\$115	\$64	\$40	\$47	\$610

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Appendix 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 Study is the sum of "Water & Sewer" and "Light & Power." The number of Pre-47 rent stabilized buildings in Staten Island were too small to calculate reliable statistics. Due to changes in the RPIE form, owners are no longer required to report tax expenses; therefore, tax figures used in this report were calculated by the Dept. of Finance.

Source: NYC Department of Finance, RPIE Filings.

2. Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (2006) 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	\$207	\$115	\$75	\$35	\$35	\$106	\$81	\$38	\$71	\$763
11-19 units	\$152	\$57	\$80	\$35	\$27	\$113	\$75	\$42	\$48	\$630
20-99 units	\$152	\$72	\$78	\$37	\$29	\$100	\$69	\$39	\$62	\$639
100+ units	\$270	\$167	\$71	\$33	\$42	\$111	\$95	\$37	\$83	\$908
Bronx	\$122	\$79	\$75	\$38	\$33	\$94	\$66	\$43	\$60	\$609
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$118	\$65	\$76	\$39	\$28	\$94	\$60	\$45	\$55	\$579
100+ units	\$133	\$107	\$73	\$35	\$43	\$91	\$79	\$37	\$70	\$668
Brooklyn	\$140	\$84	\$79	\$35	\$28	\$94	\$64	\$38	\$61	\$622
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$135	\$70	\$84	\$37	\$28	\$96	\$65	\$39	\$63	\$618
100+ units	\$147	\$114	\$71	\$32	\$28	\$88	\$60	\$35	\$58	\$634
Manhattan	\$393	\$201	\$72	\$31	\$46	\$135	\$125	\$40	\$99	\$1,143
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$262	\$86	\$78	\$33	\$34	\$137	\$104	\$42	\$65	\$842
100+ units	\$446	\$249	\$69	\$31	\$51	\$133	\$132	\$39	\$111	\$1,261
Queens	\$154	\$87	\$74	\$36	\$32	\$95	\$68	\$34	\$63	\$644
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$148	\$73	\$75	\$37	\$29	\$90	\$64	\$34	\$67	\$617
100+ units	\$165	\$112	\$71	\$36	\$38	\$101	\$73	\$33	\$62	\$691
St. Island	\$122	\$86	\$74	\$27	\$20	\$110	\$54	\$37	\$55	\$586
Core Man	\$479	\$229	\$69	\$30	\$47	\$140	\$139	\$41	\$95	\$1,270
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$347	\$95	\$64	\$28	\$34	\$139	\$109	\$37	\$72	\$925
100+ units	\$519	\$270	\$69	\$31	\$51	\$139	\$147	\$42	\$101	\$1,369
Upper Man	\$139	\$119	\$81	\$34	\$44	\$120	\$81	\$38	\$108	\$764
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$149	\$74	\$98	\$39	\$34	\$135	\$97	\$49	\$57	\$732
100+ units	-	-	-	-	-	-	-	-	-	-
City w/o Core	\$141	\$87	\$76	\$36	\$32	\$97	\$67	\$38	\$65	\$638
11-19 units	\$134	\$56	\$78	\$35	\$26	\$106	\$67	\$41	\$43	\$585
20-99 units	\$135	\$70	\$80	\$37	\$29	\$96	\$66	\$39	\$62	\$614
100+ units	\$149	\$116	\$71	\$34	\$37	\$97	\$69	\$34	\$74	\$680

Notes: The sum of the lines may not equal the total due to rounding. Totals in this table may not match those in Appendix 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 Study is the sum of "Water & Sewer" and "Light & Power." The number of Post-46 rent stabilized buildings with fewer than 20 units in the Bronx, Brooklyn, Staten Island, Queens, and Manhattan as well as 20-99 buildings on Staten Island and 100+ unit buildings on Staten Island and in Upper Manhattan were too small to calculate reliable statistics. Due to changes in the RPIE form, owners are no longer required to report tax expenses; therefore, tax figures used in this report were calculated by the Dept. of Finance.

Source: NYC Department of Finance, RPIE Filings.

3. Cross-Sectional Income and Expense Study, Estimated Average Rent, Income and Costs (2006) per Apartment per Month by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	\$1,020	\$1,125	\$763	\$857	\$958	\$666	\$907	\$1,009	\$695
11-19 units	\$855	\$977	\$630	\$873	\$1,038	\$720	\$871	\$1,032	\$711
20-99 units	\$851	\$908	\$639	\$812	\$890	\$626	\$821	\$894	\$629
100+ units	\$1,217	\$1,371	\$908	\$1,197	\$1,371	\$890	\$1,211	\$1,371	\$902
Bronx	\$784	\$825	\$609	\$665	\$720	\$554	\$693	\$744	\$567
11-19 units	-	-	-	\$653	\$731	\$610	\$648	\$729	\$610
20-99 units	\$747	\$778	\$579	\$663	\$716	\$549	\$678	\$727	\$555
100+ units	\$867	\$923	\$668	\$720	\$777	\$573	\$823	\$879	\$640
Brooklyn	\$812	\$865	\$622	\$722	\$760	\$555	\$748	\$791	\$575
11-19 units	-	-	-	\$728	\$780	\$578	\$735	\$785	\$578
20-99 units	\$791	\$838	\$618	\$714	\$746	\$546	\$735	\$771	\$565
100+ units	\$846	\$911	\$634	\$779	\$831	\$569	\$824	\$885	\$613
Manhattan	\$1,565	\$1,815	\$1,143	\$1,092	\$1,285	\$835	\$1,202	\$1,408	\$906
11-19 units	-	-	-	\$1,060	\$1,360	\$887	\$1,064	\$1,362	\$888
20-99 units	\$1,183	\$1,326	\$842	\$1,019	\$1,167	\$764	\$1,037	\$1,185	\$772
100+ units	\$1,718	\$2,007	\$1,261	\$1,465	\$1,718	\$1,087	\$1,616	\$1,891	\$1,191
Queens	\$863	\$923	\$644	\$800	\$834	\$592	\$833	\$880	\$619
11-19 units	-	-	-	\$751	\$786	\$568	\$778	\$847	\$577
20-99 units	\$840	\$888	\$617	\$799	\$831	\$590	\$816	\$855	\$601
100+ units	\$902	\$963	\$691	\$920	\$973	\$669	\$905	\$964	\$688
St. Island	\$769	\$829	\$586	-	-	-	\$761	\$821	\$578
Core Man	\$1,773	\$2,073	\$1,270	\$1,283	\$1,531	\$935	\$1,419	\$1,681	\$1,027
11-19 units	-	-	-	\$1,153	\$1,500	\$940	\$1,157	\$1,502	\$942
20-99 units	\$1,361	\$1,542	\$925	\$1,247	\$1,441	\$854	\$1,261	\$1,454	\$863
100+ units	\$1,896	\$2,227	\$1,369	\$1,514	\$1,782	\$1,121	\$1,732	\$2,036	\$1,262
Upper Man	\$948	\$1,049	\$764	\$813	\$927	\$690	\$834	\$946	\$702
11-19 units	-	-	-	\$809	\$979	\$744	\$806	\$975	\$740
20-99 units	\$949	\$1,041	\$732	\$808	\$914	\$680	\$821	\$926	\$685
100+ units	-	-	-	\$951	\$1,049	\$730	\$953	\$1,059	\$780
City w/o Core	\$835	\$892	\$638	\$733	\$791	\$588	\$765	\$823	\$603
11-19 units	\$803	\$905	\$585	\$734	\$809	\$611	\$742	\$821	\$608
20-99 units	\$806	\$852	\$614	\$728	\$783	\$582	\$747	\$800	\$590
100+ units	\$882	\$949	\$680	\$812	\$871	\$610	\$865	\$931	\$664

Notes: City, borough totals and building size categories are weighted. 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, Staten Island, Queens, and Manhattan as well as 20-99 buildings on Staten Island and 100+ unit buildings on Staten Island and 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, Estimated Median Rent, Income and Costs (2006) per Apartment per Month by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	\$861	\$907	\$651	\$768	\$819	\$599	\$782	\$832	\$605
11-19 units	\$811	\$875	\$606	\$821	\$919	\$668	\$820	\$915	\$666
20-99 units	\$821	\$858	\$609	\$753	\$795	\$581	\$760	\$802	\$584
100+ units	\$931	\$1,011	\$738	\$873	\$965	\$659	\$911	\$987	\$707
Bronx	\$746	\$778	\$565	\$666	\$705	\$539	\$673	\$711	\$540
11-19 units	-	-	-	\$658	\$719	\$594	\$654	\$708	\$594
20-99 units	\$745	\$773	\$554	\$666	\$703	\$533	\$671	\$707	\$535
100+ units	\$816	\$844	\$618	\$728	\$784	\$531	\$754	\$808	\$557
Brooklyn	\$805	\$851	\$592	\$699	\$729	\$524	\$709	\$740	\$531
11-19 units	-	-	-	\$685	\$717	\$539	\$688	\$720	\$539
20-99 units	\$791	\$826	\$569	\$700	\$729	\$520	\$708	\$738	\$523
100+ units	\$834	\$932	\$619	\$762	\$821	\$572	\$812	\$881	\$590
Manhattan	\$1,352	\$1,568	\$981	\$999	\$1,168	\$735	\$1,024	\$1,189	\$749
11-19 units	-	-	-	\$1,061	\$1,307	\$804	\$1,067	\$1,309	\$806
20-99 units	\$1,217	\$1,285	\$828	\$962	\$1,086	\$697	\$977	\$1,097	\$703
100+ units	\$1,798	\$2,050	\$1,276	\$1,283	\$1,495	\$969	\$1,529	\$1,813	\$1,122
Queens	\$861	\$900	\$632	\$794	\$810	\$560	\$817	\$838	\$588
11-19 units	-	-	-	\$752	\$767	\$531	\$757	\$777	\$536
20-99 units	\$842	\$875	\$607	\$801	\$820	\$566	\$813	\$833	\$581
100+ units	\$881	\$934	\$666	\$903	\$967	\$637	\$885	\$942	\$664
St. Island	\$758	\$793	\$559	-	-	-	\$758	\$777	\$557
Core Man	\$1,503	\$1,793	\$1,091	\$1,188	\$1,361	\$799	\$1,208	\$1,380	\$819
11-19 units	-	-	-	\$1,140	\$1,404	\$846	\$1,142	\$1,406	\$848
20-99 units	\$1,284	\$1,392	\$862	\$1,209	\$1,317	\$760	\$1,216	\$1,319	\$764
100+ units	\$1,900	\$2,196	\$1,365	\$1,479	\$1,711	\$1,102	\$1,671	\$1,967	\$1,224
Upper Man	\$852	\$952	\$711	\$750	\$817	\$626	\$754	\$824	\$627
11-19 units	-	-	-	\$720	\$833	\$665	\$720	\$832	\$662
20-99 units	\$877	\$949	\$648	\$752	\$813	\$619	\$756	\$816	\$621
100+ units	-	-	-	\$843	\$874	\$609	\$849	\$933	\$707
City w/o Core	\$823	\$866	\$610	\$709	\$747	\$553	\$724	\$760	\$559
11-19 units	\$742	\$813	\$540	\$701	\$743	\$563	\$702	\$746	\$561
20-99 units	\$798	\$835	\$585	\$709	\$745	\$549	\$720	\$752	\$553
100+ units	\$867	\$922	\$661	\$785	\$838	\$579	\$851	\$897	\$631

Notes: 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, Staten Island, Queens, and Manhattan as well as 20-99 buildings on Staten Island and 100+ unit buildings on Staten Island and 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 Income and Expense Study, Net Operating Income in 2006 per Apartment per Month by Building Size and Location

	Post-46	Pre-47	All		Post-46	Pre-47	All
Citywide	\$362	\$292	\$314	Core Man	\$802	\$597	\$654
11-19 units	\$347	\$318	\$321	11-19 units	-	\$560	\$560
20-99 units	\$269	\$264	\$265	20-99 units	\$617	\$587	\$591
100+ units	\$463	\$481	\$469	100+ units	\$858	\$661	\$773
Bronx	\$216	\$165	\$177	Upper Man	\$285	\$237	\$244
11-19 units	-	\$121	\$119	11-19 units	-	\$235	\$235
20-99 units	\$199	\$167	\$173	20-99 units	\$309	\$234	\$241
100+ units	\$255	\$204	\$240	100+ units	-	\$319	\$279
Brooklyn	\$243	\$205	\$216	City w/o Core	\$254	\$204	\$219
11-19 units	-	\$202	\$208	11-19 units	\$320	\$198	\$213
20-99 units	\$220	\$200	\$205	20-99 units	\$238	\$201	\$210
100+ units	\$277	\$262	\$272	100+ units	\$269	\$261	\$267
Manhattan	\$672	\$450	\$502				
11-19 units	-	\$472	\$474				
20-99 units	\$484	\$404	\$412				
100+ units	\$746	\$631	\$700				
Queens	\$279	\$242	\$261				
11-19 units	-	\$218	\$270				
20-99 units	\$271	\$241	\$254				
100+ units	\$272	\$304	\$277				
St. Island	\$243	-	\$243				

Notes: City, borough totals and building size categories are weighted. 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, Staten Island, Queens, and Manhattan as well as 20-99 unit buildings on Staten Island and 100+ unit buildings on Staten Island and 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.

6. Cross-Sectional Distribution of Operating Costs in 2006, by Building Size and Age

	Taxes	Maint.	Labor	Admin.	Utilities	Fuel	Misc.	Insurance	Total
Pre-47	22.1%	17.7%	9.9%	11.5%	9.2%	13.2%	9.8%	6.6%	100%
11-19 units	22.4%	16.9%	7.9%	11.8%	9.0%	13.5%	12.0%	6.6%	100%
20-99 units	21.0%	18.2%	9.0%	11.5%	9.5%	14.2%	9.5%	7.0%	100%
100+ units	28.3%	15.4%	18.4%	10.7%	7.9%	7.2%	8.0%	4.3%	100%
Post-46	27.1%	13.9%	15.0%	10.6%	9.2%	9.8%	9.3%	5.0%	100%
11-19 units	24.2%	18.0%	9.1%	12.0%	9.8%	12.6%	7.6%	6.7%	100%
20-99 units	23.9%	15.6%	11.2%	10.8%	10.3%	12.3%	9.8%	6.1%	100%
100+ units	29.8%	12.2%	18.4%	10.4%	8.2%	7.8%	9.1%	4.1%	100%
All Bldgs.	23.7%	16.4%	11.6%	11.2%	9.2%	12.1%	9.6%	6.1%	100%
11-19 units	22.5%	17.0%	8.0%	11.8%	9.1%	13.4%	11.6%	6.6%	100%
20-99 units	21.6%	17.6%	9.5%	11.4%	9.7%	13.7%	9.6%	6.8%	100%
100+ units	29.3%	13.2%	18.4%	10.5%	8.1%	7.6%	8.8%	4.1%	100%

Source: NYC Department of Finance, RPIE Filings.

7. Cross-Sectional Distribution of “Distressed” Buildings, 2006 RPIE Filings

	Citywide	Bronx	Brooklyn	Manhattan	Queens	St. Island	Core Man	Upper Man
Pre-47								
11-19 units	438	71	117	205	45	-	136	69
20-99 units	807	214	201	319	73	-	112	207
100+ units	12	3	2	5	2	-	3	2
All	1,257	288	320	529	120	-	251	278
Post-46								
11-19 units	8	4	-	4	-	-	3	1
20-99 units	62	16	17	8	18	3	5	3
100+ units	24	2	3	8	10	1	7	1
All	94	22	20	20	28	4	15	5
All Bldgs.								
11-19 units	446	75	117	209	45	-	139	70
20-99 units	869	230	218	327	91	3	117	210
100+ units	36	5	5	13	12	1	10	3
All	1,351	310	340	549	148	4	266	283

Source: NYC Department of Finance, RPIE Filings.

8. Cross-Sectional Sample, 2006 RPIE Filings

	Post-46		Pre-47		All	
	Bldgs.	DU's	Bldgs.	DU's	Bldgs.	DU's
Citywide	1,420	156,178	11,222	414,828	12,644	571,045
11-19 units	87	1,294	2,939	44,443	3,027	45,753
20-99 units	829	48,079	7,940	317,151	8,770	365,253
100+ units	504	106,805	343	53,234	847	160,039
Bronx	222	18,186	2,330	100,546	2,552	118,732
11-19 units	10	152	269	3,962	279	4,114
20-99 units	171	10,343	2,002	89,103	2,173	99,446
100+ units	41	7,691	59	7,481	100	15,172
Brooklyn	268	25,639	2,590	95,436	2,860	121,114
11-19 units	14	199	687	10,400	702	10,615
20-99 units	175	11,186	1,847	78,242	2,023	89,451
100+ units	79	14,254	56	6,794	135	21,048
Manhattan	354	51,976	5,068	169,451	5,422	221,427
11-19 units	26	406	1,643	24,785	1,669	25,191
20-99 units	155	7,885	3,257	114,364	3,412	122,249
100+ units	173	43,685	168	30,302	341	73,987
Queens	523	56,439	1,217	48,607	1,740	105,046
11-19 units	27	393	334	5,194	361	5,587
20-99 units	299	17,481	826	35,080	1,125	52,561
100+ units	197	38,565	57	8,333	254	46,898
St. Island	53	3,938	17	788	70	4,726
11-19 units	10	144	6	102	16	246
20-99 units	29	1,184	8	362	37	1,546
100+ units	14	2,610	3	324	17	2,934
Core Man	298	44,584	3,264	101,414	3,562	145,998
11-19 units	23	359	1,305	19,651	1,328	20,010
20-99 units	119	6,056	1,834	58,253	1,953	64,309
100+ units	156	38,169	125	23,510	281	61,679
Upper Man	56	7,392	1,804	68,037	1,860	75,429
11-19 units	3	47	338	5,134	341	5,181
20-99 units	36	1,829	1,423	56,111	1,459	57,940
100+ units	17	5,516	43	6,792	60	12,308

Source: NYC Department of Finance, RPIE Filings.

9. Longitudinal Income and Expense Study, Estimated Average Rent, Income and Costs Changes (2005-2006) by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	5.1%	5.2%	3.6%	5.9%	5.7%	4.3%	5.6%	5.5%	4.1%
11-19 units	1.2%	2.8%	-1.4%	7.0%	6.4%	5.0%	6.4%	6.0%	4.4%
20-99 units	4.6%	4.9%	3.6%	5.4%	5.3%	4.0%	5.2%	5.2%	3.9%
100+ units	5.7%	5.5%	4.0%	7.3%	7.2%	5.0%	6.2%	6.0%	4.3%
Bronx	7.0%	6.4%	3.4%	3.4%	4.0%	2.8%	4.3%	4.6%	2.9%
11-19 units	-	-	-	1.4%	1.1%	2.1%	1.4%	1.0%	2.6%
20-99 units	5.4%	5.7%	1.7%	3.5%	4.1%	2.6%	3.9%	4.4%	2.4%
100+ units	9.9%	7.7%	6.3%	4.4%	6.2%	7.1%	8.4%	7.3%	6.5%
Brooklyn	3.7%	3.7%	2.4%	6.3%	4.8%	3.4%	5.5%	4.4%	3.0%
11-19 units	-	-	-	8.1%	5.0%	2.7%	7.7%	4.8%	2.4%
20-99 units	3.1%	3.3%	4.2%	5.7%	4.6%	3.4%	5.0%	4.2%	3.6%
100+ units	4.9%	4.6%	-0.3%	5.9%	6.0%	5.1%	5.2%	5.0%	1.3%
Manhattan	5.7%	6.1%	4.4%	6.8%	6.7%	5.2%	6.5%	6.5%	4.9%
11-19 units	-	-	-	7.1%	7.5%	6.6%	6.9%	7.4%	6.4%
20-99 units	5.8%	6.8%	5.2%	6.5%	6.3%	4.8%	6.4%	6.3%	4.8%
100+ units	5.8%	5.9%	4.3%	7.6%	7.4%	4.9%	6.5%	6.5%	4.5%
Queens	4.1%	4.2%	3.5%	5.9%	5.6%	5.7%	4.9%	4.9%	4.5%
11-19 units	-	-	-	7.4%	7.5%	4.9%	5.0%	5.6%	1.6%
20-99 units	4.6%	4.6%	3.5%	5.3%	5.1%	6.1%	5.0%	4.9%	5.0%
100+ units	3.9%	4.0%	4.8%	9.0%	7.8%	3.0%	4.6%	4.5%	4.6%
Staten Island	6.7%	2.0%	2.4%	-	-	-	6.4%	2.4%	1.9%
Core Manhattan	4.9%	5.2%	3.7%	7.1%	7.1%	4.9%	6.3%	6.5%	4.5%
11-19 units	-	-	-	6.9%	7.5%	6.2%	6.7%	7.3%	6.1%
20-99 units	5.8%	6.3%	4.4%	6.9%	6.7%	4.4%	6.7%	6.7%	4.4%
100+ units	4.8%	5.1%	3.5%	7.6%	7.4%	4.8%	5.9%	6.0%	4.0%
Upper Manhattan	10.3%	11.2%	8.3%	6.3%	5.9%	5.6%	7.0%	6.8%	6.0%
11-19 units	-	-	-	8.0%	7.5%	7.9%	7.6%	7.4%	7.6%
20-99 units	-	-	-	6.0%	5.6%	5.2%	5.9%	5.8%	5.3%
100+ units	-	-	-	-	-	-	13.0%	12.2%	9.2%
All City w/o Core	5.2%	5.1%	3.6%	5.3%	4.9%	4.0%	5.3%	5.0%	3.9%
11-19 units	1.0%	2.4%	-2.4%	7.0%	5.4%	4.0%	6.1%	4.9%	3.2%
20-99 units	4.5%	4.7%	3.5%	4.9%	4.7%	3.9%	4.8%	4.7%	3.8%
100+ units	6.7%	5.9%	4.4%	6.6%	6.5%	5.3%	6.7%	6.1%	4.6%

Notes: City, borough totals and building size categories are weighted. 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, Queens, Staten Island, and Manhattan as well as buildings with 20-99 units and 100+ units in Upper Manhattan and Staten Island were too small to calculate reliable statistics as was the number of Pre-47 buildings in Staten Island and Upper Manhattan 100+ units. Borough averages without building size figures for Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

10. Longitudinal Income and Expense Study, Estimated Median Rent, Income and Costs Changes (2005-2006) by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	3.7%	4.1%	1.9%	5.6%	5.1%	4.1%	5.6%	5.0%	3.7%
11-19 units	0.7%	-1.1%	1.5%	8.5%	4.7%	4.6%	8.0%	5.4%	4.5%
20-99 units	4.1%	4.2%	3.6%	5.1%	4.8%	4.3%	5.3%	5.0%	4.1%
100+ units	4.7%	5.6%	3.2%	5.2%	5.7%	4.1%	4.4%	5.9%	3.9%
Bronx	3.9%	5.5%	0.7%	4.6%	4.3%	2.7%	4.5%	4.6%	2.8%
11-19 units	-	-	-	3.4%	4.9%	3.9%	3.5%	5.1%	3.9%
20-99 units	4.8%	8.3%	1.1%	4.6%	4.2%	2.1%	4.7%	4.5%	2.5%
100+ units	4.1%	3.1%	3.3%	6.3%	3.6%	3.4%	3.5%	4.8%	8.6%
Brooklyn	4.3%	3.7%	5.5%	6.5%	5.7%	2.6%	6.0%	5.2%	3.1%
11-19 units	-	-	-	8.9%	7.3%	3.7%	8.5%	7.3%	3.7%
20-99 units	3.9%	4.5%	5.3%	5.8%	5.7%	2.6%	5.4%	5.4%	2.3%
100+ units	6.3%	3.4%	2.7%	7.4%	6.6%	6.8%	6.8%	3.5%	2.8%
Manhattan	3.9%	6.2%	3.0%	7.2%	6.3%	5.7%	7.0%	6.0%	5.4%
11-19 units	-	-	-	8.6%	7.9%	5.3%	8.8%	7.3%	5.6%
20-99 units	4.8%	4.6%	8.7%	6.7%	5.6%	4.2%	7.0%	6.2%	4.6%
100+ units	4.1%	4.9%	3.9%	8.5%	4.7%	5.0%	7.1%	6.7%	1.0%
Queens	3.8%	3.9%	1.1%	5.1%	5.4%	5.0%	5.3%	5.5%	4.8%
11-19 units	-	-	-	4.5%	5.9%	7.2%	5.9%	6.5%	7.5%
20-99 units	3.8%	4.1%	3.2%	5.0%	5.1%	4.8%	5.5%	5.2%	4.7%
100+ units	3.6%	6.0%	-1.6%	6.4%	6.9%	-3.6%	3.9%	4.8%	1.4%
Staten Island	6.8%	3.9%	1.1%	-	-	-	7.2%	4.8%	1.5%
Core Manhattan	7.1%	7.0%	2.8%	7.1%	6.9%	4.1%	6.7%	7.4%	4.2%
11-19 units	-	-	-	8.2%	7.1%	5.3%	8.2%	6.9%	5.2%
20-99 units	5.7%	8.0%	5.8%	6.4%	6.3%	2.8%	6.4%	6.2%	3.1%
100+ units	6.0%	7.2%	4.7%	11.1%	4.5%	3.3%	6.0%	5.3%	3.0%
Upper Manhattan	7.3%	4.4%	3.4%	5.8%	6.0%	5.1%	6.0%	6.0%	4.9%
11-19 units	-	-	-	5.6%	5.9%	6.8%	5.6%	5.9%	7.1%
20-99 units	-	-	-	6.3%	6.0%	4.7%	6.1%	6.1%	5.4%
100+ units	-	-	-	-	-	-	12.1%	9.1%	5.6%
All City w/o Core	4.7%	4.4%	3.4%	6.0%	4.9%	4.1%	5.3%	5.0%	3.9%
11-19 units	-3.4%	1.2%	-3.4%	7.4%	5.1%	4.7%	7.3%	5.0%	4.2%
20-99 units	4.7%	5.3%	3.7%	5.4%	4.9%	4.0%	5.2%	5.0%	3.9%
100+ units	4.0%	4.6%	1.6%	6.7%	6.4%	4.4%	5.0%	5.3%	3.4%

Notes: 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, Queens, Staten Island, and Manhattan as well as buildings with 20-99 units and 100+ units in Upper Manhattan and Staten Island were too small to calculate reliable statistics as was the number of Pre-47 buildings in Staten Island and Upper Manhattan 100+ units. Borough averages without building size figures for Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

11. Longitudinal Income and Expense Study, Net Operating Income Changes (2005-2006) by Building Size and Location

	Post-46	Pre-47	All		Post-46	Pre-47	All
Citywide	8.5%	8.9%	8.8%	Core Manhattan	7.9%	10.6%	9.7%
11-19 units	-	9.5%	9.7%	11-19 units	-	9.6%	9.5%
20-99 units	8.2%	8.2%	8.2%	20-99 units	9.3%	10.3%	10.2%
100+ units	8.5%	11.4%	9.4%	100+ units	7.7%	12.0%	9.3%
Bronx	15.5%	8.4%	10.5%	Upper Manhattan	19.9%	6.8%	8.8%
11-19 units	-	-3.8%	-5.9%	11-19 units	-	6.2%	6.9%
20-99 units	19.4%	9.6%	11.6%	20-99 units	-	6.9%	7.3%
100+ units	11.5%	3.4%	9.5%	100+ units	-	-	21.0%
Brooklyn	7.3%	8.7%	8.2%	All City w/o Core	9.0%	7.6%	8.1%
11-19 units	-	11.7%	11.5%	11-19 units	12.0%	9.4%	9.9%
20-99 units	0.9%	7.8%	5.8%	20-99 units	8.0%	7.1%	7.3%
100+ units	16.5%	8.1%	14.0%	100+ units	9.8%	9.6%	9.8%
Manhattan	9.0%	9.7%	9.5%				
11-19 units	-	9.1%	9.1%				
20-99 units	9.7%	9.3%	9.3%				
100+ units	8.9%	11.7%	9.9%				
Queens	5.8%	5.5%	5.7%				
11-19 units	-	14.2%	14.7%				
20-99 units	7.0%	2.8%	4.7%				
100+ units	1.9%	19.8%	4.3%				
St. Island	1.1%	-	3.7%				

Notes: City, borough totals and building size categories are weighted. 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, Queens, Staten Island, and Manhattan as well buildings with 20-99 units and 100+ units in Upper Manhattan and Staten Island were too small to calculate reliable statistics as was the number of Pre-47 buildings in Staten Island and Upper Manhattan 100+ units. Borough averages without building size figures for Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

12. Longitudinal Sample, 2005 & 2006 RPIE Filings

	Post-46		Pre-47		All	
	Bldgs.	DU's	Bldgs.	DU's	Bldgs.	DU's
Citywide	1,118	122,176	7,907	308,526	9,026	430,725
11-19 units	66	980	1,870	28,437	1,936	29,417
20-99 units	640	37,492	5,769	37,715	6,410	275,230
100+ units	412	83,704	268	42,374	680	126,078
Bronx	167	13,616	1,638	74,155	1,805	87,771
11-19 units	8	119	136	2,050	144	2,169
20-99 units	124	7,679	1,459	66,520	1,583	74,199
100+ units	35	5,818	43	5,585	78	11,403
Brooklyn	208	20,612	1,726	67,588	1,935	88,223
11-19 units	12	172	393	5,983	405	6,155
20-99 units	134	8,549	1,294	56,886	1,429	65,458
100+ units	62	11,891	39	4,719	101	16,610
Manhattan	287	40,516	3,666	128,761	3,953	169,277
11-19 units	20	312	1,144	17,311	1,164	17,623
20-99 units	126	6,584	2,388	87,010	2,514	93,594
100+ units	141	33,620	134	24,440	275	58,060
Queens	413	44,148	863	37,294	1,276	81,442
11-19 units	18	261	193	3,026	211	3,287
20-99 units	232	13,672	621	26,962	853	40,634
100+ units	163	30,215	49	7,306	212	37,521
St. Island	43	3,284	14	728	57	4,012
11-19 units	8	116	4	67	12	183
20-99 units	24	1,008	7	337	31	1,345
100+ units	11	2,160	3	324	14	2,484
Core Manhattan	244	35,762	2,410	77,935	2,654	113,697
11-19 units	18	278	950	14,317	968	14,595
20-99 units	98	5,089	1,359	44,131	1,457	49,220
100+ units	128	30,395	101	19,487	229	49,882
Upper Manhattan	43	4,754	1,256	50,826	1,299	55,580
11-19 units	2	34	194	2,994	196	3,028
20-99 units	28	1,495	1,029	42,879	1,057	44,374
100+ units	13	3,225	33	4,953	46	8,178

Source: NYC Department of Finance, RPIE Filings.