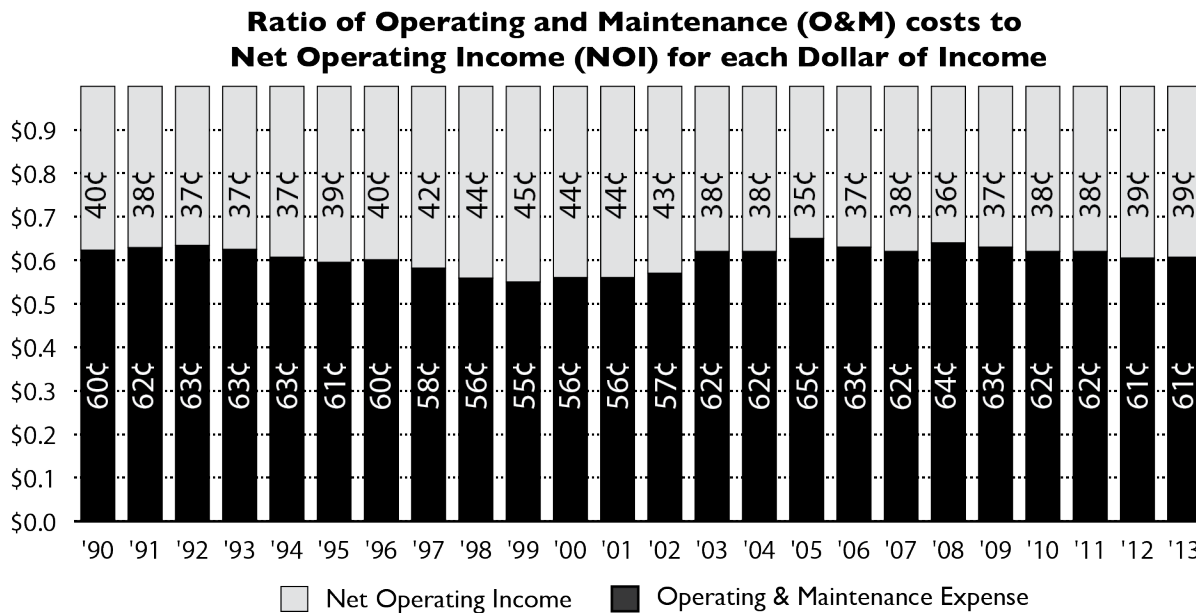


As previously stated, the RGB has had access to owner-reported income and expense data from the Department of Finance RPIE filings for over 20 years. From this data, the RGB staff calculates a cost-to-income ratio. Chart III that follows is derived directly from annual income and expense filings and represents both post-war and pre-war buildings. It shows, for every dollar of stabilized owner income, the average amount spent on expenses in a building and the amount left over for net operating income. In 2013, the cost-to-income ratio for the entire stock of rent stabilized housing was .607, meaning that owners were spending 60.7 cents of every dollar earned on expenses.

Chart III.



Source: RGB Income and Expense Studies, 1991-2015.

The price index, along with the O&M to rent/income ratios and the projections, are used to generate two figures known as the commensurate rent adjustment. This adjustment was discussed on pages 75 to 77. A memorandum describing the various commensurate formulae is included herein at Appendix J.

The Cost and Availability of Financing

The Mortgage Survey

Each year the Board’s research staff conducts a survey of area lending institutions. This survey includes questions on financing terms, financial characteristics of “typical