The Rent Guidelines Board

1999 Housing Supply Report

June 8, 1999

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Introduction

Signs of growth in the local and national economy are beginning to show in New York City's housing industry. Most notably, developers showed increased confidence in building new residential properties last year. For the first time since 1989, the number of permits issued for new residential construction topped 10,000 last year (10,387 permits were issued in 1998,an increase of 16% over the previous year). The number of permits issued for the first three months of 1999 seems to indicate that even more permits will be issued this year. The number of owners receiving tax incentives for new construction or rehabilitation has also increased. Data on tax incentive programs show that thousands of new units were added to the rental housing stock as builders took advantage of tax abatement and exemption programs last year. While the number of units benefitting from tax incentives for substantial rehabilitation decreased from 1997 to 1998, over 100,000 units were returned to the housing stock through improvements last year.

What's New

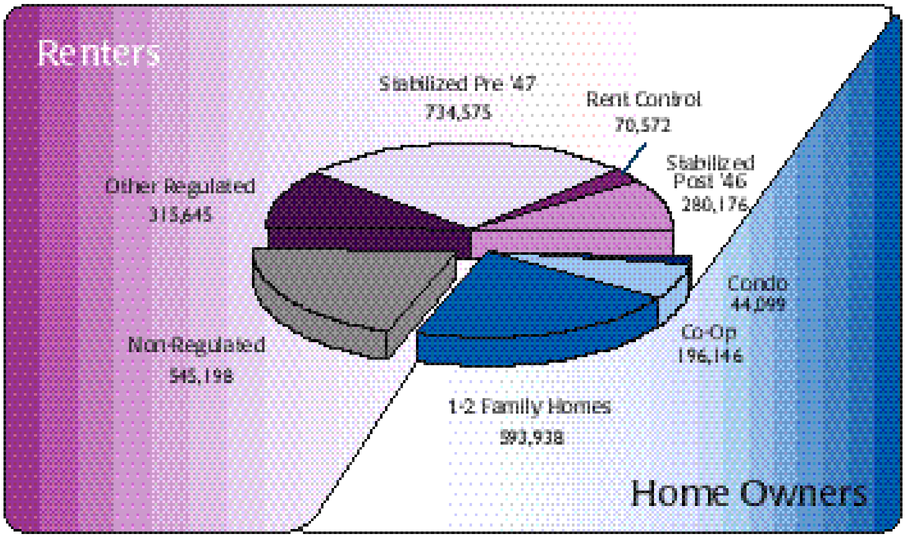
- ✔ Over 10,000 new dwelling units were approved for construction in 1998, an increase of 16% over 1997. More permits were issued for the first three months of 1999 than for the same period last year.
- ✔ There were 87% more apartments receiving 421-a exemptions in 1998 than in 1997.
- ✔ An additional 103,527 units received J-51 tax benefits in 1998,a 29% decrease from the number added last year (145,316).
- ✔ Cooperative and condominium construction and conversion plans submitted to the Attorney General's Office increased by over 250% in 1998.
- ✔ The City reduced its *in rem* housing stock by 3,214 units from FY 1997 to FY 1998.

New York City's Housing Inventory

New York City differs from similar urban areas in the rest of the country in that it is a city of renters. According to the 1996 Housing and Vacancy Survey (HVS), the most recent year for which data is available until the 1999 HVS is released, of the 2,780,349 occupied units in New York City, only 30% were owner-occupied.This is well below the national average of 65% owner-occupied housing found in the 1995 American Housing Survey, conducted by the Census Bureau. New York City is also unique in the types of dwelling units owned. Where conventional one- and two-family homes are the norm nationally, New York City is further differentiated from other parts of the country by the high number of co-operatives and condominiums in its owner-occupied housing pool. In New York City, these alternative forms of home ownership account for 29% (240,245) of owner occupied dwellings in the 1996 HVS, a slight increase from the 1993 HVS.[1]

Housing in New York City is clearly dominated by the size of its rental housing stock, which comprised 70% of all occupied units in 1996. The rental housing stock in New York City is also very diverse and contains many subgroups. Unlike many other urban centers in the nation,however, the bulk of rental units in New York City are rent regulated. Of the 1,946,165 occupied rental units reported in the most recent HVS,only 28% were unregulated,or "free market," and 8% were public housing. The other 64% is comprised of rent controlled (4%),rent stabilized (52%) and various other regulated units (8%).The vacancy rate for rental housing in New York City is also a matter of close scrutiny.

New York City's Housing Stock is Predominantly Renter-Occupied



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

VACANT AVAILABLE RENTALS

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

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

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

The City's vacancy rate is calculated triennially in the HVS to determine if the percentage of vacant rental apartments which constitutes the end of the 'housing emergency' (5%), has been surpassed. According to the latest survey, the vacancy rate in New York City rose from 3.44% in 1993 to 4.01% in 1996. The vacancy rate still falls below the benchmark level of 5%,which if surpassed, would in theory end both the housing crisis and rent regulation. Once the 1999 HVS is released,the most recent vacancy information will be available and the state of the City's housing availability can be assessed.

Changes to the number of rent stabilized units in New York City occur under several specific circumstances. For example, units that were once rent controlled and are vacated in buildings with six or more units, will fall under stabilization laws. In 1993, 102,000 units were rent controlled, while 71,000 were controlled in 1996—a conversion of 31,000 units to stabilization. Also, rehabilitated and newly constructed units that participate in tax abatement and exemption programs,such as 421-a and J-51,will be subject to rent regulation. The 421-a plan added 3,926 units to stabilization in 1998,and J-51 added 103,527 (these programs will be further discussed in the sections on tax incentives and rehabilitation). From 1993 to 1996, the total number of rent stabilized units increased 4% to 1,052,300. While there was an increase in the number of rent stabilized apartments from 1993 to 1996, provisions enacted by the Rent Regulation Reform Act of 1997 are sure to have had an impact on the number of stabilized units. Until the new HVS is released,the total change in stabilized units from 1996 to 1999 cannot be enumerated. However, in the nearly two years

since the Act, many units have become deregulated due either to "luxury" decontrol, when a stabilized household's income exceeds $175,000 for two successive years and the rent is $2,000 or more per month, or vacancy decontrol, which occurs when the rent is $2,000 or more after a vacancy.

Changes in the Housing Inventory

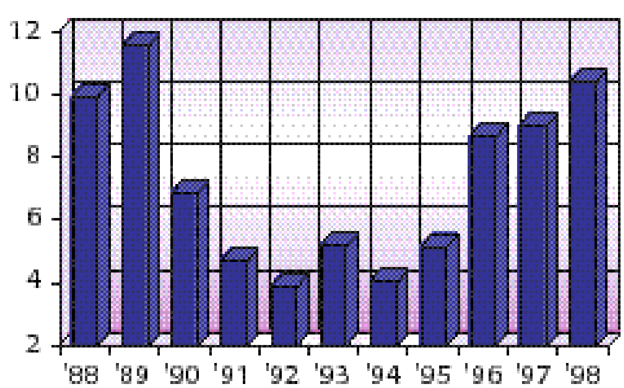
New Additions

In New York City, new construction typically makes up the bulk of additions to the housing inventory. However, substantial rehabilitation of deteriorated units and conversions of units from non-residential to residential uses also contributes to the pool of new residences. By examining the number of permits issued for new construction, the number of dwelling units that will be completed and ready for occupancy within one to three years can be estimated. Due to construction costs and time commitments required in planning new housing, developers are less likely to apply for permits for questionable developments.Thus,tracking permits is a reliable measure of new housing coming on line in the near future.

The number of permits issued continues to increase in New York City. Last year, 10,387 permits were issued for new construction,an increase of 16%

Permits Issued for New Construction Continues to Increase

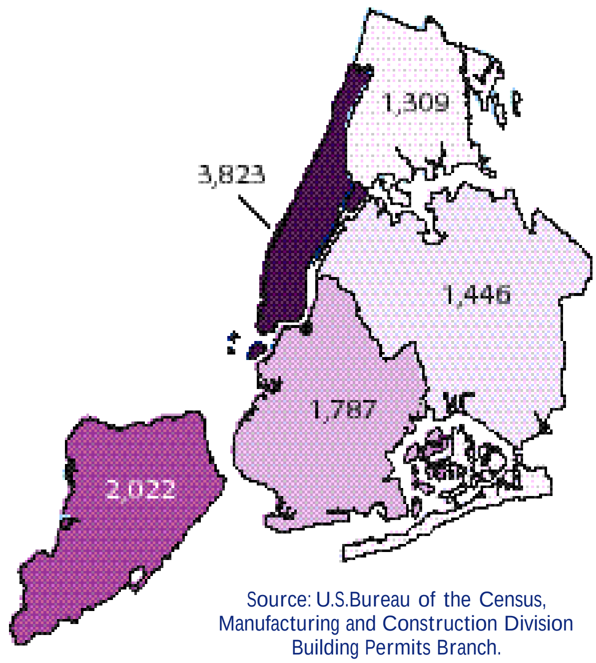
(Units Issued New Housing Permits, in Thousands)



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

In 1998, the Number of Permits Issued for Housing Units in New York City Topped 10,000

(Total Number of Permits Issued by Borough in 1998)



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

over the 8,987 permits issued in 1997. Though still below the levels reached in the 1980s, residential building has resurged from the recessionary period of the early 1990s,with more permits issued in 1998 than in any year since 1989. Each of the City's boroughs had an increase in the number of permits issued, though to varying degrees. Manhattan had 1.6% more permits in 1998 than in 1997 (the lowest rate of increase), and Brooklyn had an increase of 68% in the number of permits issued (the highest rate of increase).

Data from the first quarter this year indicates that the number of permits issued will continue to increase in 1999. With 2,843 permits issued for the first three months of 1999, this year had 86% more permits than the same period last year (1,532). During this time, Brooklyn and Manhattan experienced significant gains as the number of permits issued increased 254% and 200% respectively, over the first three months of 1999 compared to 1998. Staten Island also had an increase, with 29% more permits issued this year compared to last year. The Bronx, however, had an 11% decrease, and Queens experienced a 12% decrease in the number of permits issued during the first quarter of this year.

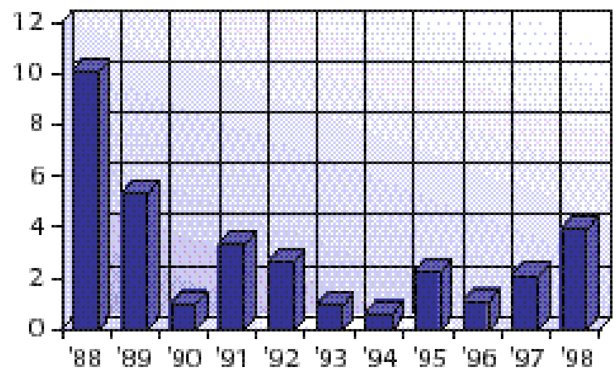
Tax Incentive Programs

In the hopes of promoting new construction,the 421-a tax incentive program, created in 1970, offers partial tax exemptions to qualifying new multifamily properties containing three or more rental units. Section 421-a of the New York State Real Property Tax Law (and its counterpart for conventional, one- to two-family homes, denoted 421-b) enables owners to reduce the taxable assessed value of eligible properties. According to the Department of Housing Preservation and Development (HPD), eligible projects must be new construction of multiple dwellings on lots that were vacant, predominantly vacant or improved with a non-conforming use three or more years before the new construction is to commence. Owners are exempt from paying additional real estate taxes on the increased value of the property due to the new construction (i.e. housing structure). Apartments built with 421-a tax exemptions are subject to the provisions of the Rent Stabilization Laws during the exemption period. Thus, 421-a tenants share the same tenancy protection as stabilized tenants, and initial rents approved by HPD are then confined to increases established by the Rent Guidelines Board (RGB).

421-a benefits last in duration from 10 to 25 years if the development falls within designated geographical boundaries and meets certain criteria which include: (1) receiving governmental assistance;(2) reservation of at least 20% of the total number of units for low to moderate income families; and (3) participation in the lower income housing production program. All properties are subject to construction guidelines as well. Properties in Manhattan outside the Exclusionary Zone (which is located between 14th and 96th Streets) receive an exemption for 10 to 25 years depending on location, whether they meet one of the first two conditions listed above, and whether they are located in a neighborhood preservation area. New properties in the outer boroughs receive exemptions for 15 to 25 years depending on compliance with conditions one and two above and location in a neighborhood preservation area.

New Units Receiving 421-a Certificates Increased 87% From 1997 to 1998

(Units Receiving Preliminary Certificates, in Thousands)



Source:NYC Dept.of Housing Preservation & Development.

Developments located in the Manhattan Exclusionary Zone will receive a full exemption from taxes for two years, followed by an eight year period in which taxes are phased in at 20% every two years, provided they meet all of the criteria listed above. Manhattan's strong residential market has the effect of stimulating development of affordable housing in other parts of the City. Participation in the 421-a Affordable Housing Program, the third criteria listed above, enables developers of new market-rate projects in Manhattan's exclusionary zone to buy tax-abatement certificates from developers who create or rehabilitate affordable housing elsewhere in the City. For each low-income rental unit produced, five tax abatement certificates are given. According to HPD, these certificates are generally sold for $10,000 to $20,000 each.[2] Last year, 165 affordable units were completed, which produced 825 certificates for market-rate housing. There were significantly more housing starts in 1998 than in the previous year. It is estimated that when all the units begun in 1998 are completed, 805 affordable units will be produced, creating 4,025 certificates to be sold, compared to 566 low income units and 2,830 certificates in 1997.

The number of apartments receiving 421-a exemptions increased 87% to 3,926 in 1998, from 2,099 units in 1997. Though still well below the late 1980s average when 8,000 new units per year received exemptions, the number of units receiving exemptions last year was the highest number since the 5,342 posted in 1989. According to the 1996 HVS,there were over 42,000 apartments with 421-a benefits, with half being condominiums and one-third being rental units. These units,however, do not remain permanent members of the stabilized stock. As exemptions expire, rental apartments are no longer governed by rent regulation rules.

Conversions and Subdivisions

Last year, New York City's population grew one half of one percentage point, to 7.42 million, the largest increase seen since 1986.[3] As more people search for housing, particularly affordable housing, a further strain is put on an already tight housing market. New development alone cannot satisfy the growing needs of residents, and alternative methods for supplying new housing units, such as subdivisions and conversions, have helped to meet demand. Conversions are generally non-residential spaces, such as offices, that are converted for residential uses. Over the last few years, there have been a growing number of conversions in neighborhoods like SoHo and TriBeCa, and most recently in the Wall Street area, where unused office space is being converted for residential purposes. There has even been a movement to find the "new SoHo," with artists moving into former manufacturing and industrial spaces in DUMBO (Down Under the Manhattan Bridge Overpass). Former commercial spaces are being transformed into loft apartments in these areas, attracting those individuals who are looking for less conventional residences.

Besides conversions of manufacturing and unused office space into residential units, there has also been an increase in the number of conversions taking place in the single room occupancy (SRO) category. Recently there have been numerous reports of SRO buildings being converted to tourist hotels. For example, on the Upper West Side, of the twenty-one buildings that were SROs in 1996 and continue to operate as SROs today, twelve have been converted for some tourist use. Owners of SRO buildings, which, according to the 1996 HVS, has tenants paying a median monthly rent of $320, are finding that they can renovate and rent to tourists for nearly $100 a night and sometimes more.[4] Though stabilized tenants cannot be forced to leave when an SRO is converted, once conversion occurs, there is a decrease in the supply of these low priced units which are geared toward poor, single adults. It is estimated that between 1970 and 1983, 87% of the City's SRO units were lost for that use, as they were converted to offices,co-ops, condos and tourist hotels.[5]

There is, however, a movement to retain and replace housing for poor single adults. The Supportive Housing Network of New York (a coalition of 115 not-for-profit organizations),along with HPD, the Department of Housing and Urban Development (HUD) and various mental health agencies have created 11,800 efficiency apartment units since 1980, by refurbishing dilapidated SRO buildings. The next phase, new construction, has recently been implemented. In the last two years, ground has been broken for thirteen efficiency apartment buildings containing 668 units (in all boroughs except Staten Island) and nine have been completed thus far.[6] While the exact number of people seeking housing in SROs is difficult to determine,demand can be estimated by referencing the number of homeless people in New York City shelters. In 1998, nearly 7,000 single people were lodged in temporary housing every night, a slight decline from 1997.[7] The creation and rehabilitation of SRO units represents a reversal of the trends which have depleted the supply of housing for the very poor, but it seems safe to assume that many more units are needed to fill the demand.

Another means of creating new rental units is by subdivision. By dividing large apartments and single- to three-family homes into one or more apartments per floor, more units are made available for rental. This works particularly well with many of the three- to four-story brownstones that line the streets of Brooklyn and Manhattan,and for the most part,these units meet the approval of city building inspectors.

While this method adds numerous units to the City's housing stock, data from the Mayor's Management Report indicates that illegal subdivisions are an increasing problem in recent years. Illegally subdivided apartments not only violate building and maintenance codes,they also strain sanitation,sewer and school systems,as well as other City resources.

To combat the problem of illegal conversions,the Department of Buildings (DOB) created the Quality of Life Team in March of 1997. This team's sole purpose is to address illegal conversions and related quality of life complaints. According to the Mayor's Management Report, the number of complaints, field visits and violations issued have increased with the advent of the team. In FY 1997, there were 1,466 violations issued, while in FY 1998 there were 4,931. For the first four months of FY 1999, 2,191 violations were issued compared to 1,997 in FY 1998 and 431 in FY 1997, for the same time period. Besides the Quality of Life team, the DOB streamlined its procedures for obtaining a search warrant and two new pieces of legislation have increased the penalties for illegal conversions and made it easier for DOB inspectors to issue violations.

Cooperative and Condominium Activity

A portion of the new housing created in New York City are cooperatives and condominiums rather than rental apartments. While New York is primarily a city of renters, it is becoming increasingly more common to find that residents are making the move to ownership by purchasing condos and co-ops. This helps to alleviate the rental market in several ways. First,apartments are now available for other renters when a previous tenant becomes an owner of a newly constructed co-op or condo unit. Moreover, owners, or the sponsors, of co-op/condo units may offer them for rent thus further alleviating the strain on the rental market.

The New York Attorney General's Office accepts plans from owners wishing to convert their buildings to co-ops or condos, and developers wanting to build new co-op or condo buildings. In 1998 they received 133 plans, more than three and one half times as many plans accepted in 1997. These plans translate into 4,247 units. New construction and conversion alone accounted for 3,611 units in 1998, which represents the highest number since the 19,207 units reported in 1990. New construction represents the bulk of the increase in plans accepted, accounting for 69 plans and 3,225 units.

As the real estate market continues to tighten, asking prices for cooperatives and condominiums are being met with little to no negotiation. According to a recent Crain's article, low mortgage rates,a good, although volatile,stock market and,"... the perception that New York is a new-and-improved version of its former self...", has increased demand, particularly at the high end.[8] The article also states that the average price per square foot of residential space was $399 in Manhattan at the end of the third quarter of 1998, the highest price seen since 1989. The continued strength of the real estate market, especially at the higher end,is highly dependent on Wall Street. For example, the number of filings in Manhattan apartment sales contracts dropped 12% in September after the plunge taken by the Stock Market in August. However, as the market rallied in October, so too did the number of sales contracts—increasing 12.9%.[9]

In an effort to help bridge the gap between the tax assessments of co-ops and condos and single-family homes (co-ops and condos are generally assessed about one-third higher than single-family homes), the Cooperative and Condominium Abatement Program was created in 1996. Co-op and condo owners are eligible for a reduction in tax liability for three years based on the building's average assessment per unit. In buildings where the average per unit is no greater than $15,000, owners will received a 2% tax abatement for FY 1997, 16% for FY 1998 and 25% for FY 1999. If the value is estimated at greater than $15,000,then the owner is entitled to a 1.25% abatement in FY 1997, followed by 10.75% in FY 1998 and 17.5% in FY 1999.[10] This program was to be a temporary measure until a permanent solution was designed. However, it has been proposed that the program carry on for another four years. During the first year of the program, 261,000 units were approved for $10 million in abatements. In FY 1998, 272,000 benefitted from $91 million in reductions. There was an increase of 5% in the number of participants in FY 1999, as 285,000 units received $135 million in abatements.[11]

While the co-op and condo market may help to relieve some of the tension in a tight rental market there is also a possible down side. Not only can co-op and condo units be new construction, they are also created through conversions. Co-op and condo conversions typically reduce the number of apartments available to renters. Conversions represented 4.9% of the total number of units in 1998, a significant decrease from 1995 (25%) and 1994 (28%).[12] An owner who decides to convert his or her rental building to a co-op or condo can do one of two things—conversion through eviction or non-eviction methods. Through non-eviction methods, tenants either purchase their apartments, or they may remain in place as renters and their units remain rentals so long as they are the occupant. As these tenants move however, their units may be purchased and therefore removed from the rental housing stock. Thus,thousands of additional renter-occupied units have been converted to owner-occupancy even as the number of units planned for conversion have dwindled in recent years. On the other hand,when an owner chooses the conversion eviction plan, current tenants must find a new apartment if they do not purchase their unit. Under this method,there are fewer units available for rent, and more prospective renters are added to an already constricted rental market. It should be noted that conversion eviction plans are rare and the Attorney General's Office has not approved of any such plans in the last several years.

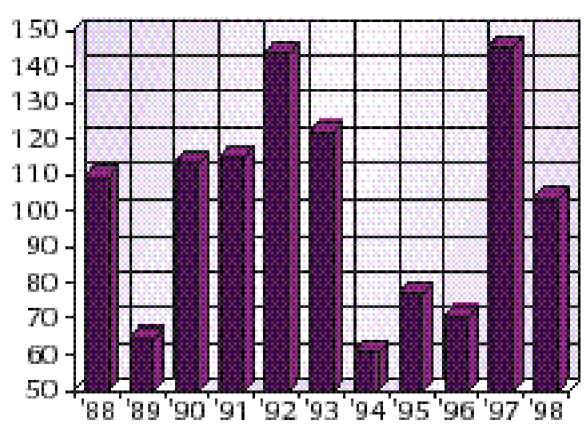
Rehabilitation

Rehabilitation is another method by which units are readmitted to City's housing stock. The J-51 tax abatement and exemption program is designed to encourage the periodic renovation of New York City's aging stock of rental housing, half of which was built prior to the mid-1940s. Owners wishing to undertake building alterations must submit a work application with the Department of Buildings. Although some plans are not carried out and others are submitted more than once as the scope of work changes, the RGB staff uses the number of units actually receiving J-51 tax benefits as a rough measure of rehabilitation activity. In the late 1980s and early 1990s, the number of units approved for initial J-51 tax abatements and exemptions each year was typically above 100,000 dwellings. Since 1992, when 144,000 apartments were rehabilitated under this program, rehabilitation activity declined to just under 70,000 units per year from 1994 to 1996. The number of units receiving J-51 benefits increased sharply in 1997, with over 145,000 additional units receiving this tax incentive. However, last year the number of units receiving benefits again declined by 29% to 103,527.

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

Units Receiving J-51 Certificates Decreased 29% From 1997 to 1998

(Units Receiving Initial Benefits, in Thousands)



Source:NYC Dept.of Housing Preservation & Development.

Eligible rehabilitation activities include Major Capital Improvements (MCIs), substantial rehabilitation, conversions from non-residential uses, and moderate rehabilitation. Renovations qualifying as MCIs receive a tax exemption on the increase in assessed value due to renovation or rehabilitation for 14 years (10 years of full exemption followed by a four year phaseout period) and abatements on existing taxes up to 90% (in most cases) of the reasonable cost of approved rehab work at 8 1/3% per year up to 20 years.

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

According to the 1996 HVS, more than 540,000 total dwellings were receiving J-51 tax benefits, the bulk of which were rentals in multifamily buildings (66%) and cooperatives (30%). Rental apartments not stabilized prior to receiving tax benefits will not be subject to the City's rent regulations once their benefits expire. However, since most units receiving J-51 benefits (87%) were built between 1920 and 1969 (when most stabilized buildings were constructed), the majority of these units will remain stabilized after the benefit period.

Tax-Delinquent Property

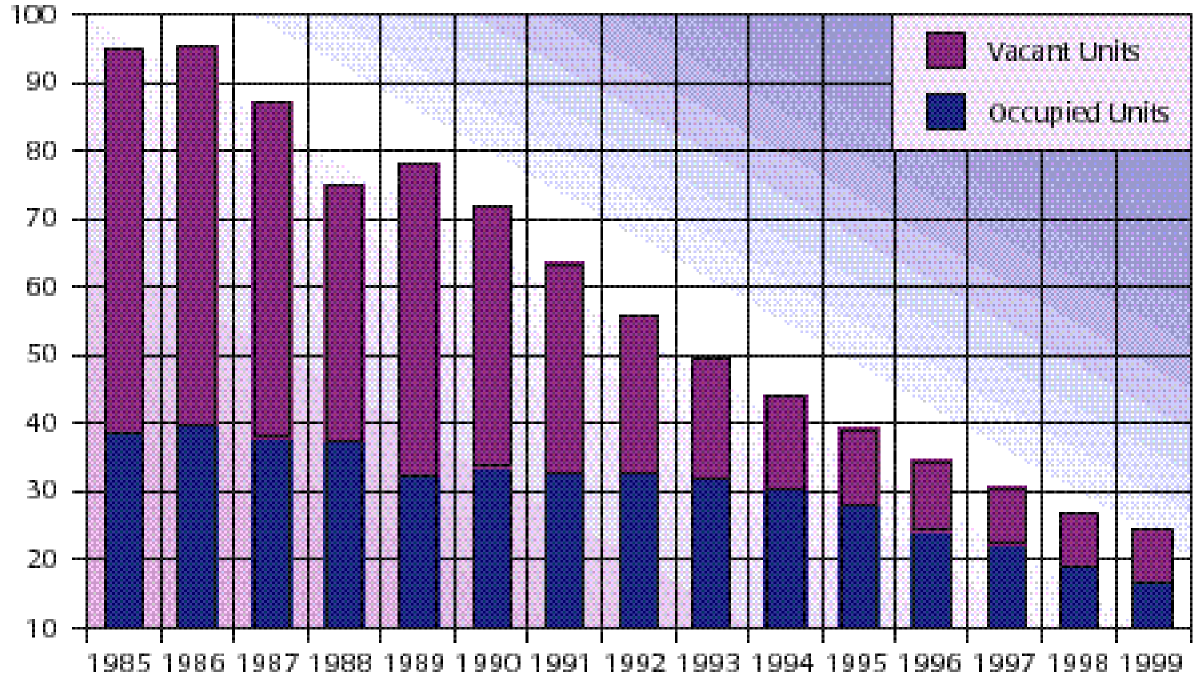
During FY 1998, HPD has taken numerous steps to end abandonment and tax delinquency in New York City. After halting its *in rem* foreclosure policy in 1994, under which the City vested or took title to thousands of properties that were at least twelve months behind in taxes, new policies had to be devised to deal with these properties. The alternative to City ownership (central management) has been rehabilitation and transfer of *in rem* units to private or non-profit entities. From 1985 to 1998, the City has shifted ownership of about 49,000 formerly vacant units, providing tens of thousands of additional low-cost housing opportunities to needy families. As part of its Building Blocks Initiative, the City has been selling its rehabilitated *in rem* buildings in three different ways: the Neighborhood Entrepreneurs Program (NEP) for private entrepreneurs; Neighborhood Redevelopment Program (NRP) for nonprofit community groups; and the Tenant Interim Lease (TIL) Program for tenants.

HPD sells vacant, City-owned property to developers who rehabilitate the buildings then in turn sell the properties to private owners through home-ownership programs such as StoreWorks, HomeWorks and CityHome. According to the Mayor's Management Report, these programs upgrade entire blocks, while at the same time returning buildings to private ownership, which encourages preservation and community investment. HPD reduced the number of *in rem* units in central management to 19,084 by the end of FY 1998—a 14% reduction from 22,298 in the previous fiscal year. Currently, there are 17,941 occupied units in central management, the lowest number of units since HPD took over the *in rem* program in 1978. The department plans to further reduce the number of units to 16,742 by the end of FY 1999.

Besides the programs listed above, HPD has undertaken other measures to not only deal with abandonment and tax delinquency, but to prevent these situations before they become problems. The Early Warning System (EWS) was developed by consultants in FY 1998 to create a list of distressed buildings so they could be dealt with before the problems were too far along to be rectified. EWS looks at such data as tax arrears, outstanding housing and building code violations, mortgage debt and emergency repair charges in order to predict a building's risk of being abandoned. This program was tested in conjunction with HPD, and the agency found that there was a correlation between a high risk EWS rating and actual incidence of abandonment. HPD has also developed an internal tracking mechanism to identify appropriate measures based on the building's characteristics to prevent abandonment once a building is found to be at risk.

The City Continues to Reduce Its *In Rem* Housing Stock

(Units in HPD Central Management Stock, in Thousands)



Note: 1999 reflects the FY 1999 plan for NYC Dept. of Housing Preservation & Development.
Source:Mayor's Management Report,Office of Operations,FY 1885-FY 1999.

Demolitions

In 1998,there was a reverse of what has been a prevalent trend in the number of demolitions in New York City. There were 839 demolitions in the City last year, 70% more than the previous year. While relatively few residential buildings in New York City have been demolished in recent years, especially considering the size of the housing inventory, this changed in 1996 when the number of buildings demolished doubled from the previous year and in 1997 the number of buildings toppled rose to 494, a 30% increase.[13] The demolitions in 1998 is the largest number reported since the RGB started collecting this data in 1985. According to the DOB, the increase in demolitions is in large part due to the increased size of current and future developments. Larger projects require more space, sometimes an entire city block,and this calls for the demolition of more buildings.

Prospects for Housing Programs

The largest single source of funds for local housing initiatives, the U.S. Department of Housing and Urban Development (HUD), has experienced several budget cuts in recent years. In FY 1995, HUD's budget was cut by 25% to below $20 billion. In a surprising development,the White House added $2.3 billion to HUD's FY 1998 budget to help low-income tenants,and then allowed it to be cut from an emergency spending bill signed by President Clinton on May 1, 1997. These funds would have provided over 100,000 Section 8 certificates and vouchers, which helps subsidize rents of low-income households living in private apartments. These budget cuts at the federal level have implications for local New York City housing initiatives. For example, New York City has a waiting list of eight years for public housing and voucher assistance under the Section 8 program.[14]

There may be a new trend in federal funding for housing as the FY 1999 HUD budget allowed for $283 million to create 90,000 new vouchers,75% of which will go to very poor families. The current HUD budget contains a substantial amount of funding for New York City housing programs:$221.8 million through the Community Development Bock Grant (CDBG—which has allowed the City to privatize *in rem* housing, create home ownership opportunities,preserve private low-income housing, improve public housing,stem housing abandonment and combat homelessness); $104.2 million through Home Investment Partnerships (HOME—which was used to develop and rehabilitate affordable housing); and $603.5 million in Public Housing Operations Subsidies. In both FY 1997 and FY 1998, the City was assigned over $9 million in tax credits for its Low Income Housing Tax Credit program (LIHTC) which is an incentive used to attract private capitol for low-income housing development. New York City's allotment was increased in FY 1999 to $12.9 million. In November of 1998, HUD also awarded $82.4 million to eighty-eight organizations to provide training and advice to help local groups around the country more effectively use HUD assistance for housing and community development activities. In New York, twenty-one organizations, including local non-profits and local and state governments, will receive a total of $8,597,973 to improve the local performance of four HUD programs: CDBG, HOME, Supportive Housing, and Community Housing Development Organizations.

Other recent developments in housing funding include plans to create housing for mentally retarded and mentally ill homeless New Yorkers. Governor Pataki has proposed $230 million, over the next five years, to create housing for nearly 5,000 mentally retarded people throughout New York State. New York City's share of this housing is not presently known. Moreover,New York State and New York City have reached a compromise on how much funding each will contribute to the New York/New York program, which provides housing for mentally ill homeless people. Ending a year-long debate, the renewal of the NY/NY program confirms that 1,500 apartments will be funded over the next five years, although this still falls short of the number needed to house the nearly 7,000 individuals who stay in City-funded temporary housing on any given night. The first phase of the project, under the Coumo and Dinkins' administrations, created 3,814 apartments. New York City and State expect nearly 500 apartments to be ready for occupancy by July 2000.

Endnotes

1. *1993 and 1996 New York City Housing & Vacancy Survey*, U.S. Bureau of the Census.
2. Landlord Information/Tax Incentives: 421-A, New York City Department of Housing Preservation & Development website.
3. "Population Grows in the City at a Faster Pace," by James Dao, *New York Times*, March 12, 1999.
4. "Checkout Time?", by Nina Siegal, *New York Times*, November 22, 1998.
5. Ibid.
6. "Building Homes for the Single Homeless," by Dennis Hevesi, *New York Times*, April 25, 1999.
7. *Preliminary FY 1999 Mayor's Management Report,* Office of the Mayor.
8. "Developers Prevent Any Lapse of Luxury," by Frederick Gabriel, *Crain's New York Business*, January 18,1999.
9. Ibid.
10. *Annual Report on the NYC Real Property Tax*, City of New York Department of Finance, Office of Tax Policy, 1998
11. "Taxing Week for the City," by Phillip Lentz, *Crain's New York Business*, May 24, 1999.
12. In 1996 and 1997, data from the Attorney General's Office concerning the number of units in co-op and condo buildings were estimates due to a change in reporting systems.
13. For the last several years, the DOB could not guarantee that the number of demolitions provided to the RGB contained residential units only.
14. *Waiting in Vain: An Update on America's Rental Housing Crisis*, US Department of Housing and Urban Development, April 1999.

Appendix

1. Permits Issued For Housing Units in New York City, 1960-99

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	**Total**
1960	--	--	--	--	--	**46,792**
1961	--	--	--	--	--	**70,606**
1962	--	--	--	--	--	**70,686**
1963	--	--	--	--	--	**49,898**
1964	--	--	--	--	--	**20,594**
1965	--	--	--	--	--	**25,715**
1966	--	--	--	--	--	**23,142**
1967	--	--	--	--	--	**22,174**
1968	--	--	--	--	--	**22,062**
1969	--	--	--	--	--	**17,031**
1970	--	--	--	--	--	**22,365**
1971	--	--	--	--	--	**32,254**
1972	--	--	--	--	--	**36,061**
1973	--	--	--	--	--	**22,417**
1974	--	--	--	--	--	**15,743**
1975	--	--	--	--	--	**3,810**
1976	--	--	--	--	--	**5,435**
1977	--	--	--	--	--	**7,639**
1978	--	--	--	--	--	**11,096**
1979	--	--	--	--	--	**14,524**
1980	--	--	--	--	--	**7,800**
1981	--	--	--	--	--	**11,060**
1982	--	--	--	--	--	**7,649**
1983	--	--	--	--	--	**11,795**
1984	--	--	--	--	--	**11,566**
1985	1,263	1,068	12,079	2,211	3,711	**20,332**
1986	920	1,278	1,622	2,180	3,782	**9,782**
1987	931	1,650	3,811	3,182	4,190	**13,764**
1988	967	1,629	2,460	2,506	2,335	**9,897**
1989	1,643	1,775	2,986	2,339	2,803	**11,546**
1990	1,182	1,634	2,398	704	940	**6,858**
1991	1,093	1,024	756	602	1,224	**4,699**
1992	1,257	646	373	351	1,255	**3,882**
1993	1,293	1,015	1,150	530	1,185	**5,173**
1994	846	911	428	560	1,265	**4,010**
1995	853	943	1,129	738	1,472	**5,135**
1996	885	942	3,369	1,301	2,155	**8,652**
1997	1,161	1,063	3,762	1,144	1,857	**8,987**
1998	1,309	1,787	3,823	1,446	2,022	**10,387**
1999 Ω	150 (169)	930 (263)	843 (281)	294 (334)	626 (485)	**2,843 (1,532)**

Ω First three months of 1999. The number of permits issued in the first three months of 1998 is in parenthesis.

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

2. New Dwelling Units Completed in New York City, 1960-96

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	**Total**
1960	4,970	9,860	5,018	14,108	1,292	**35,248**
1961	4,424	8,380	10,539	10,632	1,152	**35,127**
1962	6,458	10,595	12,094	15,480	2,677	**47,304**
1963	8,780	12,264	19,398	17,166	2,423	**60,031**
1964	9,503	13,555	15,833	10,846	2,182	**51,919**
1965	6,247	10,084	14,699	16,103	2,319	**49,452**
1966	7,174	6,926	8,854	6,935	2,242	**32,131**
1967	4,038	3,195	7,108	5,626	3,069	**23,036**
1968	3,138	4,158	2,707	4,209	3,030	**17,242**
1969	1,313	2,371	6,570	3,447	3,768	**17,469**
1970	1,652	1,695	3,155	4,230	3,602	**14,334**
1971	7,169	2,102	4,708	2,576	2,909	**19,464**
1972	11,923	2,593	1,931	3,021	3,199	**22,667**
1973	6,294	4,340	2,918	3,415	3,969	**20,936**
1974	3,380	4,379	6,418	3,406	2,756	**20,339**
1975	4,469	3,084	9,171	2,146	2,524	**21,394**
1976	1,373	10,782	6,760	3,364	1,638	**23,917**
1977	721	3,621	2,547	1,350	1,984	**10,223**
1978	464	345	3,845	697	1,717	**7,068**
1979	405	1,566	4,060	1,042	2,642	**9,715**
1980	1,709	708	3,306	783	2,380	**8,886**
1981	396	454	4,416	1,152	2,316	**8,734**
1982	997	332	1,812	2,451	1,657	**7,249**
1983	757	1,526	2,558	2,926	1,254	**9,021**
1984	242	1,975	3,500	2,291	2,277	**10,285**
1985	557	1,301	1,739	1,871	1,939	**7,407**
1986	968	2,398	4,266	1,776	2,715	**12,123**
1987	1,177	1,735	4,197	2,347	3,301	**12,757**
1988	1,248	1,631	5,548	2,100	2,693	**13,220**
1989	847	2,098	5,979	3,560	2,201	**14,685**
1990	872	929	6,376	2,340	1,384	**11,901**
1991	656	764	2,595	1,996	1,628	**7,638**
1992	802	1,337	2,720	1,905	1,136	**7,900**
1993	886	619	1,222	1,329	1,456	**5,512**
1994	891	1,035	1,465	2,001	1,572	**6,964**
1995	1,166	1,647	1,984	1,183	1,268	**7,248**
1996	1,075	1,577	**§**	1,528	1,699	**§**

§ Numbers for Manhattan were not available in time for this report.

Note: Dwelling unit count is based on the number of Final Certificates of Occupancy issued by NYC Department of Buildings,or equivalent action by the Empire State Development Corporation or NYS Dormitory Authority. Trends in the issuance of Certificates of Occupancy, which provide a count of new construction completed in NYC, could not be updated for the 1999 Housing Supply Report. The NYC Department of Planning is in the process of verifying Certificates of Occupancy data from 1996-98 and will release Certificates of Occupancy information for those years once verification is complete.

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

3. Number of Residential Cooperative and Condominium Plans Accepted for Filing By the Attorney General's Office, 1996-98

	1996	1997	1998
Private Plans	Plans (Units)	Plans (Units)	Plans (Units)
New Construction	NA	33	69 (3225)
Rehabilitation	NA	0	45 (812)
Conversion (Non-Eviction)	NA	4 ∞	19 (210)
Conversion (Eviction)	NA	0	0
Total	**33 (750-1,000)** ß	**37 (900-1300)** ß	**133 (4,247)**
HPD Sponsored Plans	Plans (Units)	Plans (Units)	Plans (Units)
New Construction	NA	NA	0
Rehabilitation	NA	NA	3 (14)
Conversion (Non-Eviction)	NA	NA	21 (176)
Conversion (Eviction)	NA	NA	0
Total	**NA**	**NA**	**24 (190)**

Note: Figures exclude "Homeowner" and "Commercial" plans/units.

NA: Attorney General's Office does not have this data available due to a change in reporting systems.
ß Number of units is estimated from the average building size of coop/condo plans submitted in prior years.
∞ The Attorney General's Office did not differentiate between non-eviction and eviction conversions.

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

4. Number of Units in Cooperative and Condominium Plans Accepted for Filing By the New York State Attorney General's Office, 1981-1998

Year	New Construction	Conversion Eviction	Conversion Non-Eviction	**Total New Construction & Conversion**	Units in HPD Sponsored Plans
1981	6,926	13,134	4,360	**24,420**	925
1982	6,096	26,469	16,439	**49,004**	1,948
1983	4,865	18,009	19,678	**42,552**	906
1984	4,663	7,432	25,873	**37,968**	519
1985	9,391	2,276	30,277	**41,944**	935
1986	11,684	687	39,874	**52,245**	195
1987	8,460	1,064	35,574	**45,098**	1,175
1988	9,899	1,006	32,283	**43,188**	1,159
1989	6,153	137	25,459	**31,749**	945
1990	4,203	364	14,640	**19,207**	1,175
1991	1,111	173	1,757	**3,041**	2,459
1992	793	0	566	**1,359**	1,674
1993	775	41	134	**950**	455
1994	393	283	176	**852**	901
1995	614	321	201	**1,136**	935
1996	NA	NA	NA	**750-1,000** ß	NA
1997	NA	NA	NA	**900-1,300** ß	NA
1998	3,225	0	386	**3,611**	190

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

NA: The Attorney General's Office does not have this data available at present due to a change in reporting systems.
ß Number of units is estimated from the average building size of coop/condo plans submitted in prior years.

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

5. Tax Incentive Programs

Buildings Receiving Preliminary Certificates for 421-a Exemptions,1996-98

	1996		1997		1998	
	Preliminary Certificates	Preliminary Units	Preliminary Certificates	Preliminary Units	Preliminary Certificates	Preliminary Units
Bronx	7	15	7	60	7	55
Brooklyn	24	205	38	317	51	501
Manhattan	19	684	9	1,407	15	2,697
Queens	5	168	21	302	36	607
Staten Island	1	13	0	13	1	66
Total	**56**	**1,085**	**75**	**2,099**	**110**	**3,926**

Buildings Receiving J-51 Tax Abatements and Exemptions,1996-98

	1996			1997			1998		
	Buildings	Units	Certified Cost ($1,000s)	Buildings	Units	Certified Cost ($1,000s)	Buildings	Units	Certified Cost ($1,000s)
Bronx	360	13,786	$53,300	350	17,290	$33,256	196	10,239	$17,911
Brooklyn	320	15,478	$21,504	759	36,165	$57,298	565	22,060	$26,094
Manhattan	493	23,364	$28,118	2,181	55,232	$80,675	1,005	46,007	$53,666
Queens	409	17,282	$10,230	742	36,231	$25,294	477	24,324	$15,336
Staten Island	7	521	$387	12	398	$82,000	15	897	$760,600
Total	**1,589**	**70,431**	**$113,542**	**4,044**	**145,316**	**$196,806**	**2,258**	**103,527**	**$113,768**

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

6. Tax Incentive Programs - Units Receiving Initial Benefits, 1981-1998

Year	421-a	J-51
1981	3,505	--
1982	3,620	--
1983	2,088	--
1984	5,820	--
1985	5,478	--
1986	8,569	--
1987	8,286	--
1988	10,079	109,367
1989	5,342	64,392
1990	980	113,009
1991	3,323	115,031
1992	2,650	143,593
1993	914	122,000
1994	627	60,874
1995	2,284	77,072
1996	1,085	70,431
1997	2,099	145,316
1998	3,926	103,527

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

7. City-Owned Properties, 1985-1999

	Central Management				Alternative Management		Vestings		Buildings Sold
Year	Occupied Units	Occupied Buildings	Vacant Units	Vacant Buildings	Units	Buildings	Units	Buildings	Buildings
1985	38,561	4,102	56,474	5,732	12,825	542	--	--	531
1986	39,632	4,033	55,782	5,662	13,375	583	--	--	275
1987	38,201	4,042	48,987	4,638	13,723	587	--	--	621
1988	37,355	3,628	37,734	3,972	14,494	624	--	--	58 +
1989	32,377	3,359	45,724	3,542	17,621	780	--	--	72
1990	33,851	3,303	37,951	3,110	14,800	705	3,323	292	112
1991	32,783	3,234	30,534	2,796	12,695	615	2,288	273	140
1992	32,801	3,206	22,854	2,368	--	--	1,462	197	--
1993	32,078	3,098	17,265	2,085	9,237	470	2,455	211	162
1994	30,358	2,992	13,675	1,763	8,606	436	715	69	81
1995	27,922	2,885	11,190	1,521	7,903	433	240	17	170
1996	24,503	2,684	9,971	1,349	6,915	393	49	2	386
1997	22,298	2,484	8,177	1,139	5,380	289	0	0	253
1998	19,084	2,232	7,511	1,021	6,086	305	0	0	206
1999 ß	16,742	2,145	7,630	1,045	5,364	339	0	0	206

Note: HPD could not confirm vestings data prior to FY 1990.

ß Plan for FY 1999,excluding data in vestings columns.

Source: NYC Office of Operations,Preliminary Fiscal 1999 Mayor's Management Report;NYC Department of Housing Preservation and Development.

8. Residential Building Demolitions in New York City, 1985-1998

	Bronx		Brooklyn		Manhattan		Queens		Staten Island		**Total**	
Year	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total	5+ Units	Total	**5+ Units**	**Total**
1985	81	157	3	101	59	73	3	133	1	31	**147**	**495**
1986	48	96	14	197	19	38	3	273	4	67	**88**	**671**
1987	14	55	2	130	22	33	1	273	6	83	**45**	**574**
1988	3	34	2	169	25	44	2	269	0	160	**32**	**676**
1989	6	48	8	160	20	38	3	219	0	109	**37**	**574**
1990	4	29	3	133	20	28	5	119	0	71	**32**	**380**
1991	10	33	15	95	9	14	1	68	0	32	**35**	**242**
1992	12	51	6	63	2	5	1	41	0	33	**21**	**193**
1993	0	17	4	94	0	1	3	51	0	5	**7**	**168**
1994	3	14	4	83	5	5	2	42	0	8	**14**	**152**
1995	2	18	0	81	0	0	2	37	0	17	**4**	**153**
1996	--	30	--	123	--	25	--	118	--	84	**--**	**380**
1997	--	29	--	127	--	51	--	168	--	119	**--**	**494**
1998	--	71	--	226	--	103	--	275	--	164	**--**	**839**

Note: The Census Bureau discontinued collecting demolition statistics in December, 1995;the New York City Department of Buildings supplied the total number of buildings demolished from 1996 on.

Source: U.S.Bureau of the Census,Manufacturing and Construction Division,Building Permits Branch;New Yok City Department of Buildings.