

2006 Income and Expense Study

May 2, 2006

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2006 Income and Expense Study

what's new

- ✓ In 2004, apartments on average generated \$315 of net operating income (NOI) per month.
- ✓ Operating cost-to-income ratios declined slightly citywide, to 62.0% in 2004.
- ✓ Average monthly rent was \$855 in 2004 citywide.
- ✓ Average building income citywide in 2004 was \$969 per unit per month.
- ✓ Average operating and maintenance expenses citywide in 2004 were \$654 per unit per month.
- ✓ 11.6% of buildings surveyed had costs in excess of gross income (called "distressed").

Introduction

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

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

This *I&E Study* examines the conditions that existed in New York's rent stabilized housing market in 2004, the year for which the most recent data is available. Due to the unavailability of additional data, a longitudinal analysis cannot be done at the time this study was prepared. Cross-sectional data provides a "snapshot" or "moment in time" view and comes from properties that filed 2004 RPIE forms, while longitudinal data provides a direct comparison of identical elements over time, and for this study, would normally encompass the two most recent years of data.

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. While information on individual properties is 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 data from 1990), the size of the samples used in RGB I&E studies has grown to more than 12,000 properties containing close to 600,000 units.

Rents and Income¹

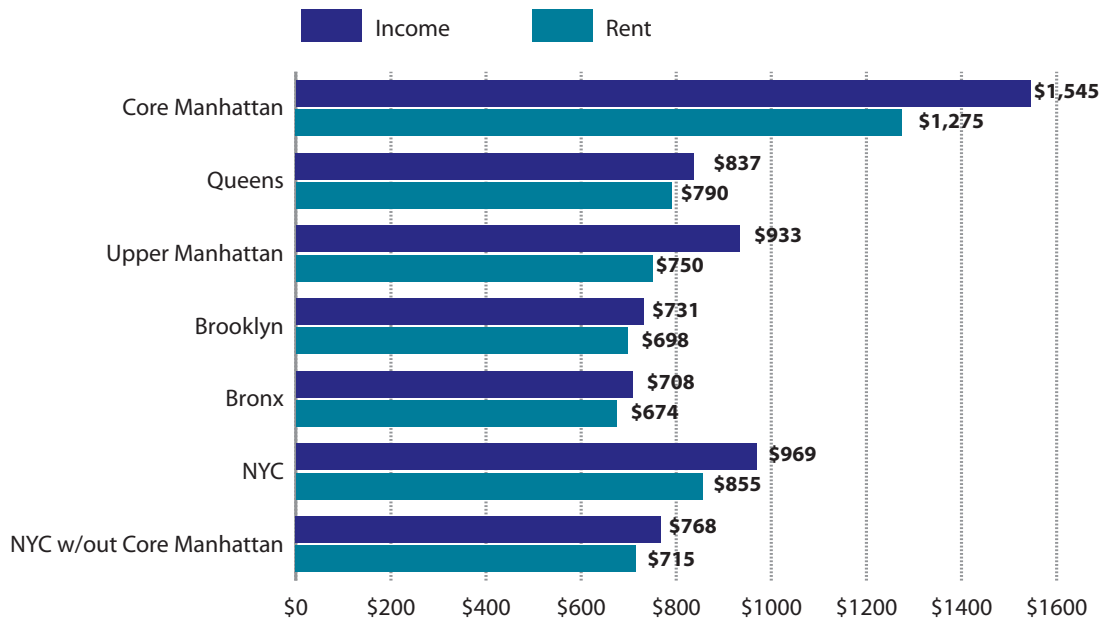
In 2004, rent stabilized property owners collected monthly rent averaging \$855 per unit. As in prior years, units in pre-war buildings rented for less on average (\$812 per month) than those in post-war buildings² (\$993 per month). At the borough level, stabilized monthly rents were \$1,112 in Manhattan, \$790 in Queens, \$698 in Brooklyn and \$674 in the Bronx (as noted in the Methodology, figures for Staten Island were not included throughout the analysis due to the small number of buildings in the data sets). In Core Manhattan (the area south of East 96th and West 110th

Streets), average monthly rents were \$1,275 per unit while rents in Upper Manhattan were \$750 per unit. Stabilized property owners in all New York City neighborhoods excluding Core Manhattan averaged rent collections of \$715 per unit per month.

Many owners of stabilized buildings augment income from their apartment rents by selling services to their tenants as well as by renting commercial space. Current RPIE filings show an average monthly gross income of \$969 per rent stabilized unit in 2004, with pre-war buildings earning \$930 per unit and those in post-war properties earning \$1,095 per unit. Gross income was highest in Core Manhattan at \$1,545 per unit per month and lowest in the Bronx at \$708. Gross income in Upper Manhattan was \$933, \$837 in Queens, \$731 in Brooklyn, and \$1,362 in all of Manhattan. Monthly income per unit in the City, excluding Core Manhattan, was \$768. These gross income figures encompass rent from stabilized apartments as well as

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

Stabilized Rent and Income Were Highest in Core Manhattan in 2004



* See Endnote 1
Source: NYC Department of Finance, 2004 RPIE Filings

the sale of services (e.g., laundry, vending, parking) and commercial income. Such proceeds accounted for an 11.7% share of the total income earned by building owners in 2004, slightly more than the distributions observed in the previous six I&E studies. Owners throughout Manhattan particularly benefit from commercial income, with 18.4% of Manhattan building's total revenues coming from commercial units and services.

In the other boroughs, property owners did not receive as large a portion of their total income from commercial sources. The respective figures for the other areas were 5.6% in Queens, 4.9% in the Bronx and 4.5% in Brooklyn. The graph on the previous page shows the average rent and income collected in 2004 by borough, and for the City as a whole. (See Appendix 3)

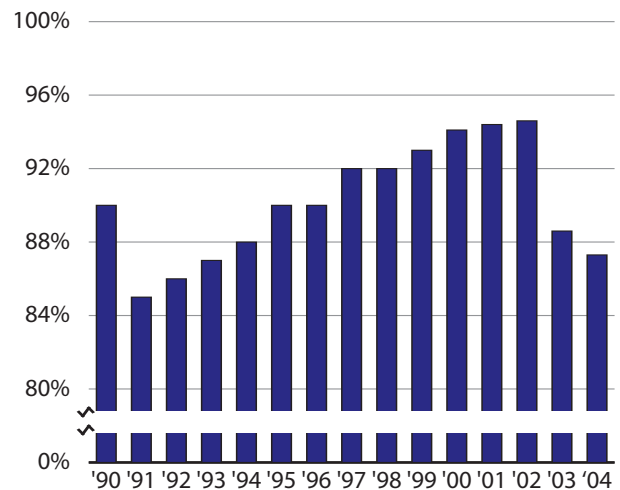
Comparing Rent Measurements

Another data source, 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, 2004. 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.

Average Monthly Citywide Collected Rents as a Share of Average Monthly DHCR Legal Registered Rents 1990-2004

Percentage of Legal Rent Collected Decreased in 2004



Source: DHCR Annual Rent Registrations; NYC Department of Finance, 1990-2004 RPIE Filings

In comparing annual RPIE and DHCR average rents, the gap between the two declined steadily from 1991 to 2001. In 1991, the average RPIE collected rent was 15% lower, while in 2001, the average RPIE collected rent was just 5.6% lower, a decline of almost two-thirds over the ten year period. Since then, RPIE returns indicate that the gap between RPIE rent and DHCR's mean stabilized rent grew again, up to a gap of 12.7% in 2004. This is the largest gap since 1993. (See graph above.) At the borough level, the gap between collected and legal rent varies widely. In 2004, rent (\$1,112) was 9.0% below DHCR's average legal rent in Manhattan (\$1,222), while owners in the other boroughs collected average rents that were 13.0% lower than legal rents in Queens, 14.7% lower in the Bronx and 20.2% lower in Brooklyn. At least part of this differential in the other boroughs is due to preferential rents³, usually offered when market-rate apartments in the area are renting for less than the maximum legal regulated rent.

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. In contrast to revenues, however, this data does not distinguish between expenses for commercial space and those for apartments, making the calculation of "pure" residential operating and maintenance costs impossible, except in a smaller sample of residential buildings analyzed below. Thus, the operating costs reported are comparatively high because they include maintenance costs for commercial space.

The average monthly operating cost for stabilized units was \$654 in 2004. Costs were lower in units in pre-war buildings (\$630) than among post-war structures (\$732). Geographically, average costs were lowest in Brooklyn, the Bronx and Queens (\$530, \$535 and \$580,

respectively) and highest in Manhattan (\$853). Looking more closely at Manhattan properties reveals costs for units located in Core Manhattan averaged \$958 a month while the costs in Upper Manhattan were \$610. The average monthly operating costs for stabilized building owners in New York City, excluding Core Manhattan, reduces the City average to \$549. The graph on this page details average monthly expenses by cost category and building age for 2004. See Appendices 1 and 2 for a complete breakdown of costs in pre- and post-war buildings.

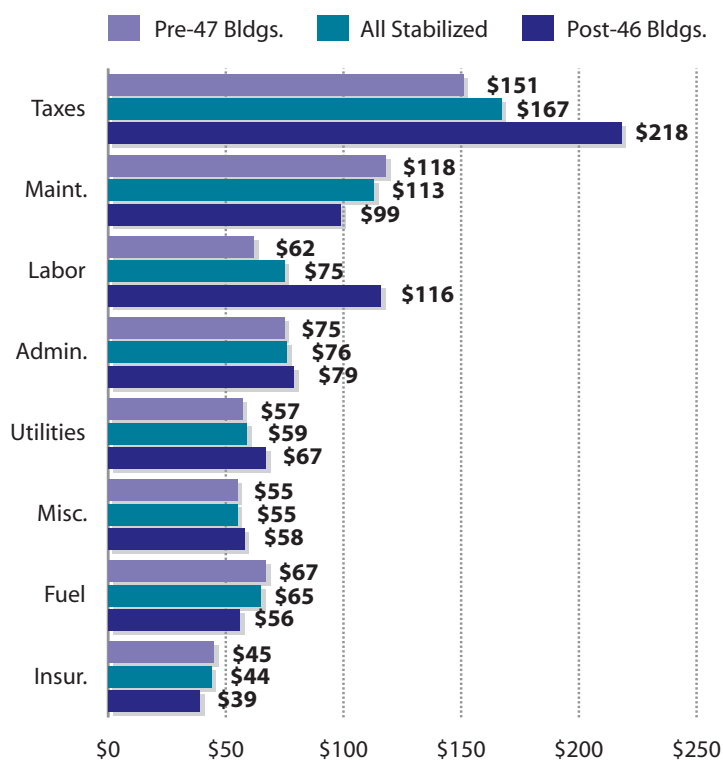
In 1992, Department of Finance and RGB staff tested RPIE expense data for accuracy. Initial examination found that most "miscellaneous" costs were actually administrative or maintenance costs, while 15% were not valid business expenses. Further audits on the

revenues and expenses of forty-six rent stabilized properties discovered that O&M costs stated in RPIE filings were generally exaggerated by 8%. Costs tended to be less accurate in small (11-19 units) properties and most precise for large (100+ units) buildings. However, these results are somewhat inconclusive since several owners of large stabilized properties refused to cooperate with the Department of Finance's assessors. A downward adjustment of the 2004 RPIE O&M cost (\$654) by the results of the 1992 audits results in an average monthly O&M cost of \$601 citywide and \$504 on average in NYC neighborhoods outside of Core Manhattan.

Just as buildings without commercial space typically generate less revenue than stabilized properties with commercial space, operating expenses in these buildings tend to be lower on average than in buildings with a mixture of uses. This year, unaudited average O&M costs for "residential-only" buildings were \$599 per month, while average audited O&M costs for units in "residential-only" buildings were \$550 per month. As in previous RGB *Income and Expense Studies*, most of the difference in costs between the two types

Average Monthly Expense per Dwelling Unit per Month

Taxes Are the Largest Expense in 2004



Source: NYC Department of Finance, 2004 RPIE Filings

of properties stemmed from taxes, administration and labor expenses. Taxes were 18.1% lower, and both administration and labor expenses were both 9.2% lower on average for buildings without commercial space than for all stabilized properties.

Components of Operating Costs

In 2004, about two-thirds of total expenses in stabilized buildings were comprised of taxes, maintenance, labor and administration costs. Older buildings on average spent proportionately more on maintenance, fuel and insurance costs. Conversely, newer buildings spent relatively more money on taxes and labor. Pre-war and post-war buildings spent similar proportions on utilities, administration and miscellaneous costs. These spending patterns have not varied much in recent years. See Appendix 5 for distributions of costs by building size and age.

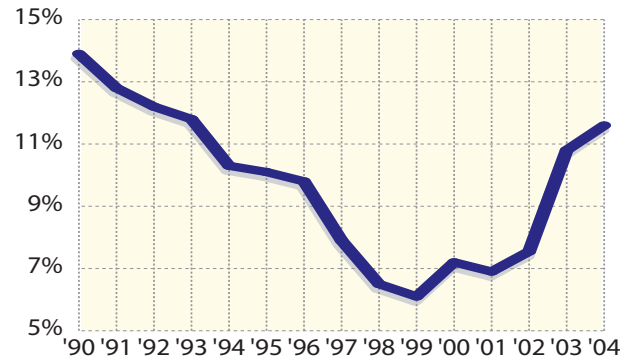
As in previous years, building size affected the distribution of costs in rent stabilized buildings in 2004. As described above, taxes, maintenance, labor and administration costs dominated total operating costs in all buildings. Labor costs continued to be particularly associated with size, comprising much larger shares of total operating costs in larger buildings, probably due to the concentration of large, post-war stabilized buildings in Manhattan, which tend to employ doormen. In contrast, fuel, maintenance and insurance costs consumed less of each operating and maintenance dollar in larger buildings, probably due to efficiencies of scale realized by larger properties, particularly those with 100 or more units. For a breakdown of cost components by building size, age and borough, see Appendices 1, 2 and 5.

"Distressed" Buildings

Buildings that have operating and maintenance costs greater than gross income are considered "distressed." Among the properties that filed 2004 RPIE forms, 1,420 buildings, or 11.6% of the sample, had O&M costs in excess of gross income. In 2004, only 108 (7.6%) of these "distressed" buildings were built after 1946. Most "distressed" stabilized properties are mid-size (20 to 99 units), pre-war construction, and are located in the

Percent of Distressed Properties in Cross-Sectional Samples 1990-2004

Share of Distressed Properties Increased in 2004



Source: NYC Department of Finance, 1990-2004 RPIE Filings

Bronx, Manhattan and Brooklyn. The graph on this page shows how the share of "distressed" buildings in the sample has changed since 1990. From a high of 13.9% of the sample of stabilized properties found in 1990, the proportion of "distressed" buildings declined to a low of 6.1% in 1999. Since then, the proportion has increased in four of the last five years, to 11.6% in 2004.

Buildings with expenses greater than revenues in 2004 suffered from both abnormally high expenses (118% of the 2004 all-building average), and low rents and income (respectively, only 70% and 67% of the all-building average). Comparing costs, "distressed" buildings paid 37% more in labor costs, 15% more in both administration and maintenance expenses, 12% more for insurance and 11% more for fuel. These buildings also paid less property tax (85% of the all-building average) than all rent stabilized buildings. Appendix 6 shows the distribution of "distressed" buildings by age, size and location.

Net Operating Income

In most stabilized buildings, revenues exceed operating costs, yielding funds that can be used for mortgage payments, improvements and/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 \$315 of net income per month in 2004, with units in post-war buildings earning more (\$363 per month) than those in pre-war buildings (\$300 per month). Average monthly NOI tended to be considerably greater for stabilized properties in Manhattan (\$510) than for those in the other boroughs: \$174 in the Bronx, \$201 in Brooklyn and \$257 in Queens. There was a large dichotomy when looking at NOI on a sub-borough level in Manhattan. Core Manhattan properties earned on average \$587 a month in NOI, while properties in Upper Manhattan had an NOI of \$323, which was still greater than the monthly NOI average calculated citywide, excluding Core Manhattan (\$219). Average monthly NOI in "residential-only" properties citywide was \$274 per unit in 2004, 12.9% lower than the average for all stabilized buildings. For a tabulation of NOI by building size, age and location, see Appendix 4.

NOI reflects the revenue available after payment of operating costs; that is, the funds owners have for financing their buildings, making improvements, and for pre-income tax profits. While NOI is not the only criteria to determine the ultimate profitability of a particular property, it is a useful exercise to calculate the annual NOI for a hypothetical "average stabilized building" with 11 units or more. Multiplying the average monthly NOI of \$315 per stabilized unit by the typical size of buildings (averaging 48.4 units) in this year's sample yields an estimated mean annual NOI of about \$183,000 in 2004. Notably, the RPIE data cannot provide estimates for NOI in rent stabilized buildings with 10 or fewer apartments.

Operating Cost Ratios

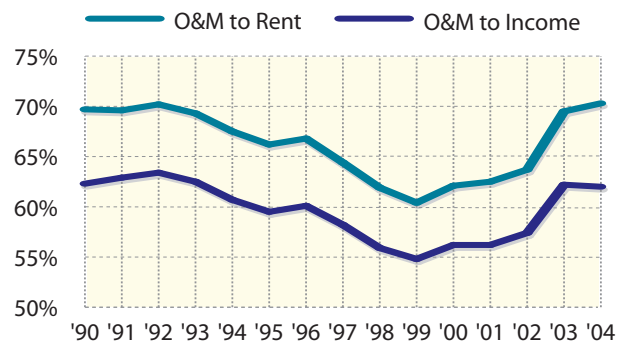
Another way to evaluate the profitability of New York City's rent stabilized housing is by measuring the ratio

of expenses to revenues. Traditionally, the RGB has used O&M Cost-to-Income and O&M Cost-to-Rent ratios to assess the overall health of the stabilized housing stock, presuming that buildings are better off by spending a lower percentage of revenue on expenses. The graph on this page shows how over the period from 1990-2004, the proportion of total income and rent collections spent on audited operating costs has fluctuated in stabilized buildings citywide. The Cost-to-Income ratio in 2004 is 62.0%, a slight decrease over the prior year. This means that on average, owners of rent stabilized properties spent about 62 cents out of every dollar of revenue on operating and maintenance costs in 2004. Looking at unaudited expenses, the cost-to-income ratio in 2004 was 67.5%, also a slight decline from the prior year. When comparing the ratio of costs to rent collections, operating costs in 2004 were 70.3% of revenues from rent, an increase of 0.8 percentage points from the prior year. Using unaudited expenses, the cost-to-rent ratio in 2004 was 76.5%.

Rents, income and costs per unit on average were highest in Core Manhattan in 2004 (see map and graphs on next page). When Core Manhattan is excluded from the analysis, the average revenue and costs figures are generally lower, but the two areas also have very different expense to revenue ratios. The Cost-to-Income Ratio for the rest of the City was 66%, significantly

Ratios of Citywide Average Monthly Audited O&M Costs to Average Monthly Gross Income and Rent 1990-2004

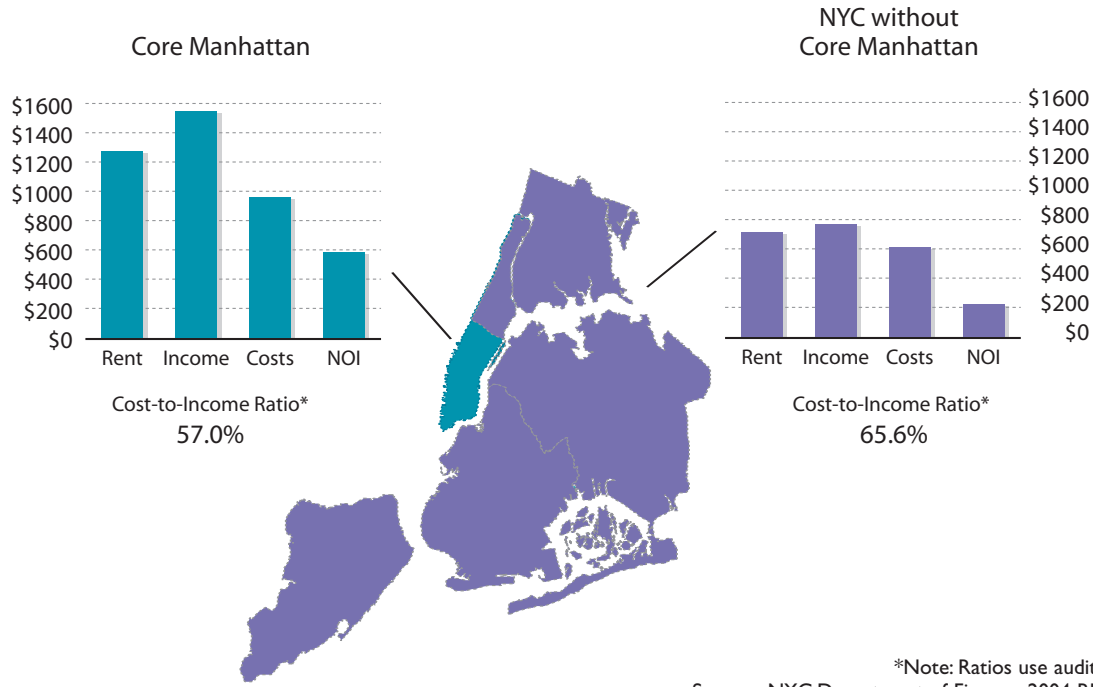
Cost-to-Income Decreases while Cost-to-Rent Ratios Increases in 2004



Source: NYC Department of Finance, 1990-2004 RPIE Filings

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, 2004

Cost-to-Income Ratio Lower in Core Manhattan in 2004



higher than the Cost-to-Income Ratio for stabilized buildings in Manhattan’s Core (57%). These figures indicate that on average, owners of stabilized properties outside of Core Manhattan spend 9 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 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 2004 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 2004 dollars helps to analyze how much NOI has grown

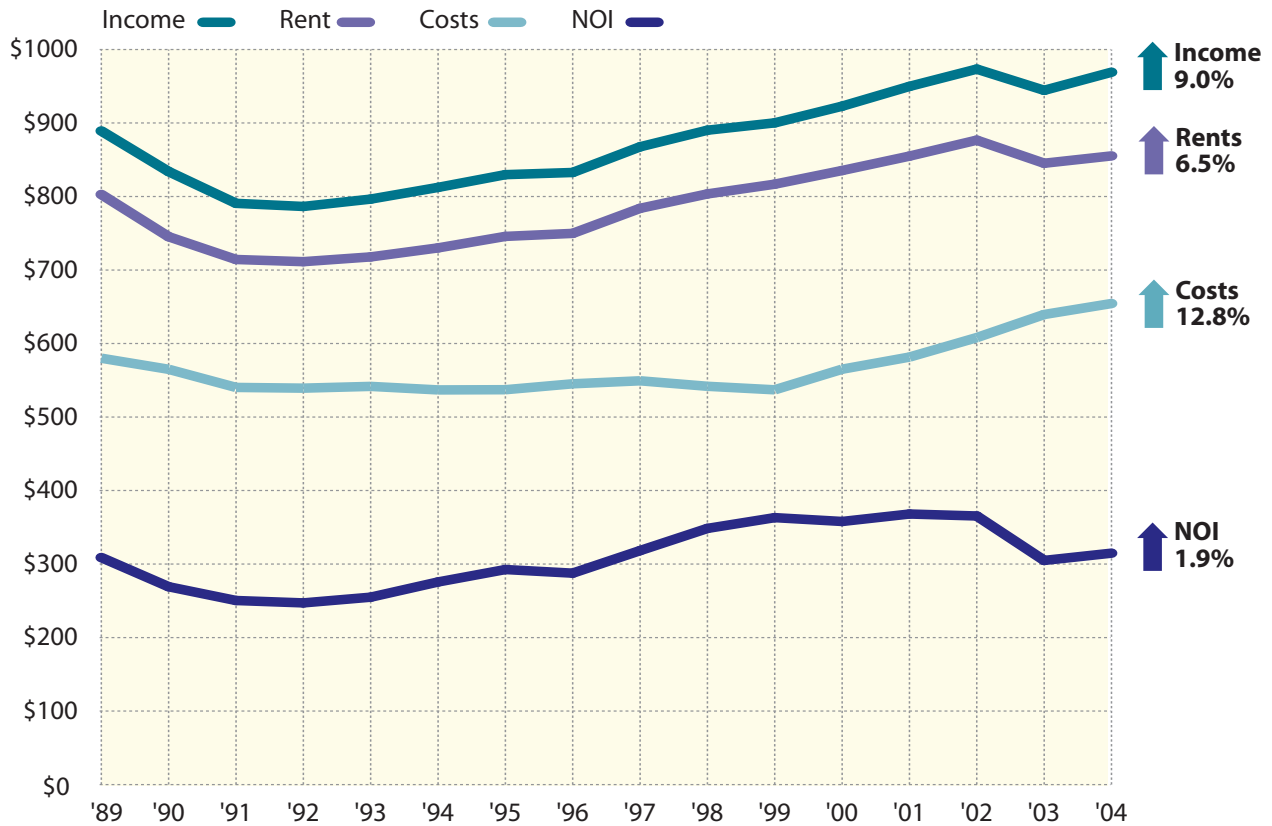
in real terms since the RGB began collecting RPIE data. Point-to-point comparisons of average monthly figures show that from 1989 to 2004 (a 16-year period), after adjusting for inflation, NOI, the surrogate measure for profit, has grown 1.9%, indicating that revenues have outpaced expenses to the extent that average monthly NOI was worth 1.9% more in 2004 than it was in 1989, after adjusting for inflation.⁴

Another way to look at how rent, income, costs and NOI have changed, taking into account the effect of inflation, is to graph inflation-adjusted monthly figures for each of the four components measured in the *I&E Studies*. Inflation-adjusted rents, income, costs and NOI all increased in real value from 1989 to 2004. During the 1989 to 2004 period, inflation-adjusted rent increased a cumulative 6.5%, income by 9.0%, costs by 12.8% and NOI by 1.9%. (See graph on next page.) If one were to make the comparison starting one year later, however, inflation-adjusted rent, income and NOI increased substantially more. Inflation-adjusted rent increased

NOI After Inflation

Since 1989, NOI Up 1.9% After Inflation

(Average Monthly Income, Rent, Operating Costs and Net Operating Income per Dwelling Unit in Constant 2004 Dollars)



Note: Percent changes are point-to-point measurements between 1989 and 2004 and should not be considered cumulatively.
 Source: RGB *Income and Expense Studies*, 1991-2006. NYC Department of Finance, 1990-2004 RPIE Filings

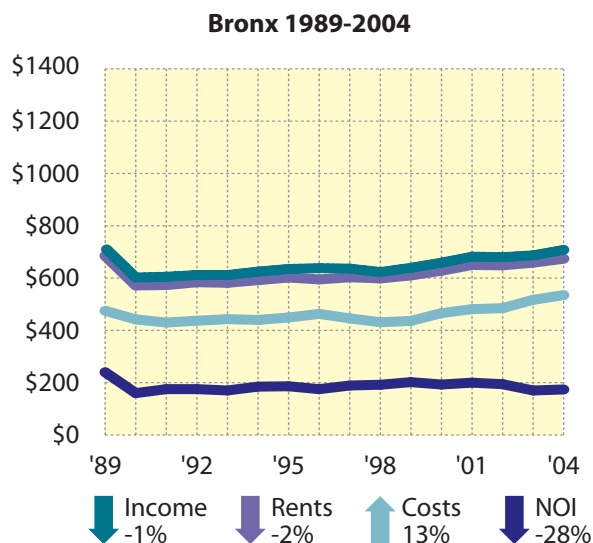
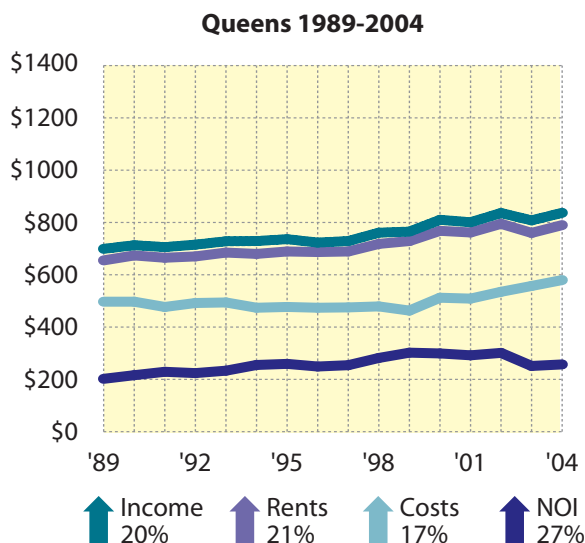
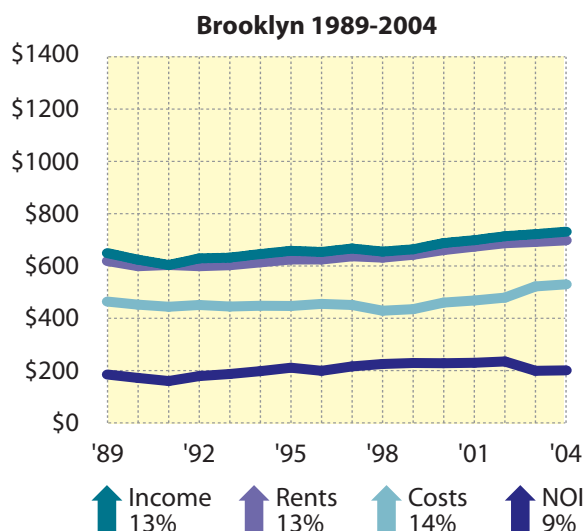
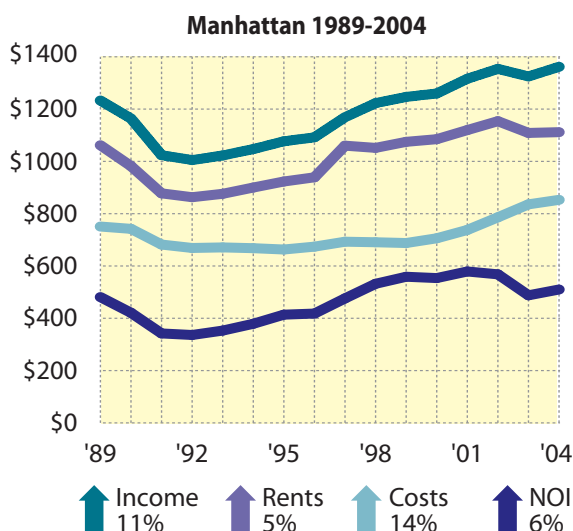
15%, income increased 16%, and NOI was up 17%. Costs during the same period increased 16%. Looking at data beginning in 1990 may in fact be more telling because 1990 was the first year that data from computerized I&E filings were available, resulting in a substantially larger sample, increasing from 500 buildings in 1989 to 14,000 in 1990.

While examining citywide inflation-adjusted revenue, expense and NOI figures is useful for demonstrating the overall stabilized rental housing market, analyzing the same figures by borough shows how the market can differ from area to area. At least two interesting points emerge from the borough charts. First, the four borough graphs on the next page, each shown on the same scale, reveal that most of the inflation-adjusted numbers for rent, cost and NOI would fall between \$200 and \$800 over the

years of study if not for the data from Manhattan. Manhattan's relatively high revenues, expenses and NOI figures put significant upward pressure on the citywide numbers. The nominal Manhattan rent, income, cost and NOI figures bring the citywide averages for these categories up well beyond the \$200-\$800 range seen in the inflation-adjusted, other-borough charts. Secondly, it is notable that following a decline in net income from 2002-03, revenues again outpaced costs in 2003-04, causing net income to rise in all the boroughs. Looking at each of the boroughs individually, from 1989 to 2004, all boroughs except the Bronx saw increases in their net income, with Queens seeing the largest increase, 27%, followed by Manhattan at 6% and Brooklyn at 9%. Conversely, in the Bronx, inflation-adjusted NOI fell 28% over the same 1989-2004 period.

NOI After Inflation per Borough, 1989-2004

Since 1989, Inflation-Adjusted NOI Rises In All Boroughs Except the Bronx



Source: RGB Income and Expense Studies, 1991-2006

Conclusion

This year's study is based on RPIE filings from over 12,000 rent stabilized buildings containing nearly 600,000 units. In 2004, apartments on average generated \$315 of NOI per unit, per month. Average monthly rent citywide was \$855, average building income was \$969, and average O&M expenses were \$654 per unit per month citywide. Comparing expenses

to income, the cost-to-income ratio in 2004 was 62.0%, meaning owners spent about 62 cents of every dollar of revenue on O&M costs, slightly less than the prior year.

Methodology

The information in this report was generated from summaries of raw data from RPIE forms filed with the NYC Department of Finance in 2005 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 2004, was made available to RGB research staff in April 2006 for analysis.

Unlike past studies, when two types of summarized data, cross-sectional and longitudinal, were available for stabilized buildings, only the cross-sectional data was available at the time this study was prepared. Cross-sectional data provides a "snapshot" or "moment in time" view and comes from properties that filed 2004 RPIE forms. Where no RPIE forms were filed, Tax Commission Income & Expense (TCIE) forms were used instead. Further, for those filing RPIEs but where no rental income was entered, the TCIE form was used instead. Data from the RPIEs (or TCIEs) was used to compute average rents, operating costs, etc. that were typical of the year 2004. Since longitudinal data, which provides a direct comparison of identical elements over time, was not available in time for preparation of this study, we are unable to analyze changing conditions in average rents, operating costs, etc. by comparing forms from the same buildings over two years.

This year, 12,212 rent stabilized apartment buildings were analyzed. The sample of buildings was created by matching a list of properties registered with the DHCR against buildings data found in 2004 RPIE or TCIE statements. A building is considered rent stabilized if it contains at least one rent stabilized unit. The sample increased by 195 buildings (1.6%) over the prior year's *I&E Study*.

Once the sample was 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 2004 RPIE or TCIE form;
- No unit count could be found in RPIE or TCIE records; and
- No apartment rent 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 sample so properties with inaccurate building

information could be removed to protect the integrity of the sample:

- 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 or TCIE form more reliable. In cases where the owner did not report the number of units on the RPIE or TCIE form, the RPAD file was used to determine the unit count;
- 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 the sample. 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% were excluded.

As in prior studies, after compiling the sample, the Department of Finance categorized sample data reflecting particular types of buildings throughout the five boroughs (e.g., structures with 20-99 units). Staten Island is not included in the borough-level analyses because it contains too few stabilized buildings in size and age categories to calculate reliable statistics. All data in the analysis is weighted using 2002 Housing and Vacancy Survey (HVS) allocations, the best estimate available of the real distribution of stabilized apartments in the City. □

Endnotes

1. RPIE rent figures include money collected for apartments, owner-occupied or related space and government subsidies. Income encompasses all revenue from rents, sales of services, such as laundry, valet and vending, and all other operating income.
2. Pre-war buildings refer to those built before 1947; post-war buildings refer to those built after 1946.
3. Preferential rents refer to actual rent paid, which is lower than the "legal rent," or the maximum amount the owner is entitled to charge. Owners often offer preferential rents when the current market cannot bear the legal rent.
4. The year 1989 is used as a base year because that is the first year the RGB received data for a large sample of buildings. Comparisons are made to 2004 data because that is the latest data available.

1. Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (2004) 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	\$151	\$62	\$67	\$35	\$22	\$118	\$75	\$45	\$55	\$630
11-19 units	\$178	\$41	\$76	\$38	\$26	\$134	\$88	\$51	\$72	\$702
20-99 units	\$139	\$58	\$67	\$35	\$20	\$114	\$70	\$45	\$51	\$599
100+ units	\$214	\$135	\$53	\$29	\$34	\$118	\$103	\$37	\$58	\$781
Bronx	\$82	\$50	\$70	\$36	\$19	\$110	\$61	\$48	\$42	\$518
11-19 units	\$72	\$52	\$81	\$39	\$26	\$132	\$68	\$60	\$67	\$598
20-99 units	\$83	\$47	\$69	\$36	\$19	\$108	\$60	\$48	\$41	\$511
100+ units	\$78	\$92	\$61	\$36	\$18	\$101	\$65	\$39	\$25	\$514
Brooklyn	\$109	\$39	\$75	\$34	\$20	\$100	\$56	\$43	\$47	\$523
11-19 units	\$102	\$30	\$86	\$37	\$22	\$121	\$66	\$47	\$54	\$566
20-99 units	\$110	\$40	\$72	\$34	\$19	\$94	\$54	\$42	\$45	\$509
100+ units	\$126	\$70	\$62	\$30	\$22	\$101	\$52	\$36	\$51	\$550
Manhattan	\$227	\$86	\$62	\$34	\$27	\$139	\$102	\$46	\$71	\$795
11-19 units	\$254	\$48	\$68	\$38	\$30	\$146	\$113	\$53	\$86	\$836
20-99 units	\$205	\$84	\$63	\$34	\$23	\$137	\$92	\$46	\$66	\$751
100+ units	\$301	\$175	\$46	\$26	\$46	\$137	\$140	\$35	\$71	\$977
Queens	\$135	\$51	\$68	\$35	\$17	\$101	\$55	\$40	\$46	\$546
11-19 units	\$122	\$29	\$79	\$34	\$17	\$106	\$42	\$39	\$53	\$521
20-99 units	\$137	\$48	\$66	\$35	\$17	\$101	\$57	\$39	\$43	\$543
100+ units	\$147	\$107	\$62	\$33	\$18	\$89	\$58	\$43	\$54	\$611
Core Manh	\$278	\$97	\$57	\$33	\$31	\$144	\$114	\$45	\$85	\$883
11-19 units	\$280	\$47	\$67	\$37	\$28	\$147	\$117	\$53	\$91	\$867
20-99 units	\$283	\$99	\$56	\$33	\$26	\$143	\$107	\$45	\$80	\$872
100+ units	\$250	\$180	\$42	\$26	\$60	\$144	\$142	\$25	\$92	\$1,024
Upper Manh	\$101	\$63	\$72	\$36	\$23	\$130	\$75	\$47	\$48	\$596
11-19 units	\$78	\$51	\$76	\$40	\$43	\$140	\$91	\$54	\$51	\$625
20-99 units	\$106	\$64	\$72	\$36	\$21	\$129	\$74	\$47	\$48	\$597
100+ units	-	-	-	-	-	-	-	-	-	-
City w/o Core Manhattan	\$102	\$48	\$71	\$35	\$19	\$107	\$60	\$45	\$45	\$533

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 and buildings with 100+ units 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.

2. Cross-Sectional Income and Expense Study: Estimated Average Operating & Maintenance Cost (2004) per Apartment per Month by Building Size and Location, Structures Built After 1946

	<u>Taxes</u>	<u>Labor</u>	<u>Fuel</u>	<u>Water/Sewer</u>	<u>Light & Power</u>	<u>Maint.</u>	<u>Admin.</u>	<u>Insurance</u>	<u>Misc.</u>	<u>Total</u>
Citywide	\$218	\$116	\$56	\$32	\$35	\$99	\$79	\$39	\$58	\$732
11-19 units	\$188	\$33	\$58	\$34	\$27	\$128	\$82	\$49	\$57	\$656
20-99 units	\$163	\$72	\$58	\$34	\$26	\$91	\$66	\$39	\$51	\$599
100+ units	\$278	\$168	\$53	\$29	\$46	\$105	\$93	\$38	\$64	\$876
Bronx	\$140	\$79	\$62	\$34	\$34	\$103	\$66	\$45	\$51	\$613
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$117	\$55	\$61	\$36	\$27	\$93	\$63	\$47	\$45	\$543
100+ units	-	-	-	-	-	-	-	-	-	-
Brooklyn	\$135	\$76	\$59	\$32	\$27	\$79	\$59	\$37	\$46	\$551
11-19 units	-	-	-	-	-	-	-	-	-	-
20-99 units	\$132	\$58	\$64	\$35	\$23	\$85	\$62	\$39	\$50	\$550
100+ units	\$137	\$116	\$49	\$26	\$37	\$63	\$53	\$34	\$38	\$551
Manhattan	\$417	\$212	\$52	\$28	\$47	\$127	\$133	\$39	\$87	\$1,142
11-19 units	\$269	\$35	\$58	\$27	\$39	\$164	\$119	\$53	\$91	\$855
20-99 units	\$334	\$142	\$47	\$29	\$31	\$118	\$100	\$36	\$70	\$907
100+ units	\$454	\$242	\$54	\$27	\$54	\$131	\$147	\$40	\$94	\$1,243
Queens	\$173	\$95	\$53	\$33	\$33	\$88	\$60	\$36	\$49	\$620
11-19 units	\$144	\$32	\$58	\$38	\$23	\$101	\$74	\$42	\$37	\$549
20-99 units	\$154	\$68	\$55	\$34	\$25	\$83	\$57	\$34	\$50	\$560
100+ units	\$191	\$132	\$50	\$33	\$43	\$89	\$61	\$37	\$46	\$684
St. Island	\$107	\$44	\$53	\$29	\$31	\$113	\$53	\$39	\$30	\$499
Core Manh	\$454	\$224	\$51	\$27	\$47	\$128	\$141	\$39	\$89	\$1,200
11-19 units	\$268	\$25	\$42	\$27	\$34	\$140	\$110	\$39	\$111	\$873
20-99 units	\$377	\$161	\$44	\$27	\$31	\$119	\$106	\$35	\$77	\$978
100+ units	\$481	\$246	\$53	\$27	\$52	\$131	\$153	\$40	\$92	\$1,274
Upper Manh	\$115	\$114	\$61	\$37	\$48	\$122	\$68	\$40	\$74	\$679
City w/o Core Manhattan	\$148	\$85	\$57	\$33	\$32	\$90	\$61	\$39	\$48	\$593

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 and Upper Manhattan as well as 20-99 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 and Income (2004) per Apartment per Month by Building Size and Location

	Post-46			Pre-47			All		
	Rent	Income	Costs	Rent	Income	Costs	Rent	Income	Costs
Citywide	\$993	\$1,095	\$732	\$812	\$930	\$630	\$855	\$969	\$654
11-19 units	\$878	\$1,030	\$656	\$838	\$1,040	\$702	\$840	\$1,039	\$699
20-99 units	\$804	\$860	\$600	\$780	\$878	\$599	\$785	\$875	\$599
100+ units	\$1,202	\$1,350	\$877	\$1,069	\$1,194	\$782	\$1,157	\$1,297	\$845
Bronx	\$801	\$849	\$613	\$646	\$678	\$518	\$674	\$708	\$535
11-19 units	-	-	-	\$672	\$723	\$598	\$671	\$721	\$595
20-99 units	\$716	\$742	\$543	\$641	\$669	\$511	\$652	\$680	\$516
100+ units	-	-	-	\$678	\$753	\$514	\$841	\$922	\$646
Brooklyn	\$734	\$772	\$553	\$688	\$719	\$523	\$698	\$731	\$530
11-19 units	-	-	-	\$719	\$776	\$566	\$724	\$784	\$568
20-99 units	\$737	\$771	\$550	\$672	\$696	\$509	\$688	\$715	\$519
100+ units	\$719	\$758	\$551	\$779	\$808	\$550	\$738	\$773	\$551
Manhattan	\$1,596	\$1,848	\$1,142	\$1,016	\$1,266	\$795	\$1,112	\$1,362	\$853
11-19 units	\$1,129	\$1,395	\$855	\$970	\$1,320	\$836	\$972	\$1,321	\$836
20-99 units	\$1,216	\$1,388	\$907	\$976	\$1,202	\$751	\$996	\$1,218	\$763
100+ units	\$1,756	\$2,041	\$1,243	\$1,341	\$1,531	\$977	\$1,582	\$1,827	\$1,131
Queens	\$835	\$900	\$621	\$753	\$785	\$546	\$790	\$837	\$580
11-19 units	\$738	\$818	\$549	\$684	\$712	\$521	\$697	\$737	\$528
20-99 units	\$758	\$807	\$560	\$758	\$791	\$543	\$758	\$796	\$549
100+ units	\$917	\$989	\$684	\$819	\$853	\$611	\$899	\$964	\$670
St. Island	\$712	\$751	\$526	-	-	-	\$712	\$751	\$526
Core Manh	\$1,688	\$1,965	\$1,201	\$1,161	\$1,429	\$891	\$1,275	\$1,545	\$958
11-19 units	\$1,179	\$1,464	\$873	\$1,010	\$1,393	\$867	\$1,011	\$1,393	\$867
20-99 units	\$1,308	\$1,507	\$978	\$1,169	\$1,403	\$872	\$1,181	\$1,413	\$881
100+ units	\$1,809	\$2,111	\$1,274	\$1,409	\$1,612	\$1,024	\$1,640	\$1,900	\$1,168
Upper Manh	\$894	\$947	\$679	\$728	\$931	\$599	\$750	\$933	\$610
11-19 units	-	-	-	\$699	\$823	\$625	\$696	\$818	\$629
20-99 units	-	-	-	\$731	\$947	\$597	\$734	\$938	\$594
100+ units	-	-	-	-	-	-	\$941	\$1,014	\$734
City w/o Core Manhattan	\$794	\$846	\$594	\$686	\$740	\$533	\$715	\$768	\$549

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

Source: NYC Department of Finance, RPIE Filings.

4. Cross-Sectional Income and Expense Study, Net Operating Income in 2004 per Apartment per Month by Building Size and Location

	Post-46	Pre-47	All		Post-46	Pre-47	All
Citywide	\$363	\$300	\$315	Core Man	\$764	\$538	\$587
11-19 units	\$374	\$338	\$340	11-19 units	\$591	\$526	\$527
20-99 units	\$260	\$279	\$275	20-99 units	\$529	\$532	\$531
100+ units	\$473	\$412	\$453	100+ units	\$837	\$588	\$731
Bronx	\$235	\$160	\$174	Upper Man	\$268	\$332	\$323
11-19 units	-	\$125	\$126	11-19 units	-	\$198	\$189
20-99 units	\$198	\$158	\$164	20-99 units	-	\$350	\$343
100+ units	-	\$239	\$275	100+ units	-	-	\$281
Brooklyn	\$220	\$196	\$201	City w/o Core	\$252	\$207	\$219
11-19 units	\$382	\$210	\$216	Manhattan			
20-99 units	\$221	\$187	\$196				
100+ units	-	\$258	\$223				
Manhattan	\$705	\$471	\$510				
11-19 units	\$540	\$484	\$485				
20-99 units	\$481	\$452	\$454				
100+ units	\$798	\$554	\$696				
Queens	\$279	\$239	\$257				
11-19 units	\$269	\$191	\$210				
20-99 units	\$247	\$247	\$247				
100+ units	\$305	\$242	\$293				
St. Island	\$224	-	\$224				

Notes: City and borough totals are weighted, while figures for building size categories are unweighted. Cost figures in this table are NOT adjusted for the results of the 1992 Department of Finance audit on I&E reported operating costs. 9 and 100+ unit buildings on Staten Island and in Upper Manhattan were too small to calculate reliable statistics. The number of Pre-47 rent stabilized buildings in Staten Island and buildings with 100+ units in Upper Manhattan were too small to calculate reliable statistics. Borough averages without building size figures for Post-46 Staten Island are provided.

Source: NYC Department of Finance, RPIE Filings.

5. Cross-Sectional Distribution of Operating Costs in 2004, by Building Size and Age

	Taxes	Maint.	Labor	Admin.	Utilities	Fuel	Misc.	Insurance	Total
Pre-47	24.0%	18.7%	9.8%	11.9%	9.0%	10.7%	8.7%	7.2%	100.0%
11-19 units	25.4%	19.0%	5.9%	12.5%	9.0%	10.8%	10.2%	7.2%	100.0%
20-99 units	23.2%	19.1%	9.8%	11.6%	9.2%	11.3%	8.5%	7.5%	100.0%
100+ units	27.4%	15.2%	17.3%	13.1%	8.1%	6.8%	7.4%	4.7%	100.0%
Post-46	29.8%	13.5%	15.9%	10.8%	9.2%	7.6%	7.9%	5.3%	100.0%
11-19 units	28.6%	19.5%	5.0%	12.5%	9.4%	8.9%	8.6%	7.5%	100.0%
20-99 units	27.2%	15.2%	12.0%	10.9%	9.9%	9.7%	8.6%	6.4%	99.9%
100+ units	31.8%	12.0%	19.1%	10.6%	8.6%	6.1%	7.3%	4.4%	99.9%
All Bldgs.	25.6%	17.3%	11.4%	11.6%	9.1%	9.9%	8.5%	6.7%	100.0%
11-19 units	25.5%	19.1%	5.8%	12.5%	9.0%	10.7%	10.1%	7.2%	100.0%
20-99 units	23.4%	18.9%	9.9%	11.6%	9.2%	11.2%	8.5%	7.5%	100.0%
100+ units	27.7%	15.0%	17.4%	13.0%	8.1%	6.8%	7.4%	4.7%	100.0%

Source: NYC Department of Finance, RPIE Filings.

6. Cross-Sectional Distribution of "Distressed" Buildings, 2004 RPIE Filings

	Citywide	Bronx	Brooklyn	Manhattan	Queens	St. Island	Core Man	Upper Man
Pre-47								
11-19 units	427	70	89	228	40	0	184	44
20-99 units	865	273	200	333	58	1	163	170
100+ units	20	4	4	7	5	0	7	0
All	1312	347	293	568	103	1	354	214
Post-46								
11-19 units	14	3	2	6	3	0	4	2
20-99 units	61	13	13	12	23	0	8	4
100+ units	33	2	5	19	7	0	19	0
All	108	18	20	37	33	0	31	6
All Bldgs.								
11-19 units	441	73	91	234	43	0	188	46
20-99 units	926	286	213	345	81	1	171	174
100+ units	53	6	9	26	12	0	26	0
All	1420	365	313	605	136	1	385	220

Source: NYC Department of Finance, RPIE Filings.

7. Cross-Sectional Sample, 2004 RPIE Filings

	Post-46		Pre-47		All	
	Bldgs.	DU's	Bldgs.	DU's	Bldgs.	DU's
Citywide	1,393	171,057	10,819	420,567	12,212	591,624
11-19 units	115	1,680	2,808	42,589	2,923	44,269
20-99 units	743	43,475	7,649	311,464	8,392	354,939
100+ units	535	125,902	362	66,514	897	192,416
Bronx	199	15,432	2,164	100,130	2,422	115,562
11-19 units	10	142	243	3,636	253	3,778
20-99 units	156	9,282	1,921	87,631	2,077	96,913
100+ units	33	6,008	59	8,863	92	14,871
Brooklyn	232	24,078	2,278	86,888	2,510	110,966
11-19 units	16	231	561	8,429	577	8,660
20-99 units	143	9,267	1,658	71,168	1,801	80,435
100+ units	73	14,580	59	7,291	132	21,871
Manhattan	479	84,806	5,174	187,648	5,653	272,454
11-19 units	40	599	1,699	25,788	1,739	26,387
20-99 units	163	8,892	3,284	119,388	3,447	128,280
100+ units	276	75,315	191	42,472	467	117,787
Queens	431	43,114	1,129	45,218	1,560	88,332
11-19 units	37	540	301	4,673	338	5,213
20-99 units	254	14,971	777	32,873	1,031	47,844
100+ units	140	27,603	51	7,672	191	35,275
St. Island	52	3,627	15	683	67	4,310
11-19 units	12	168	4	63	16	231
20-99 units	27	1,063	9	404	36	1,467
100+ units	13	2,396	2	216	15	2,612
Core Manh	431	77,960	3,653	127,344	4,084	205,304
11-19 units	36	542	1,486	22,477	1,522	23,019
20-99 units	133	7,359	2,006	66,817	2,139	74,176
100+ units	262	70,059	161	38,050	423	108,109
Upper Manh	48	6,846	1,521	60,304	1,569	67,150
11-19 units	4	57	213	3,311	217	3,368
20-99 units	30	1,533	1,278	52,571	1,308	54,104
100+ units	14	5,256	30	4,422	44	9,678

Source: NYC Department of Finance, RPIE Filings.