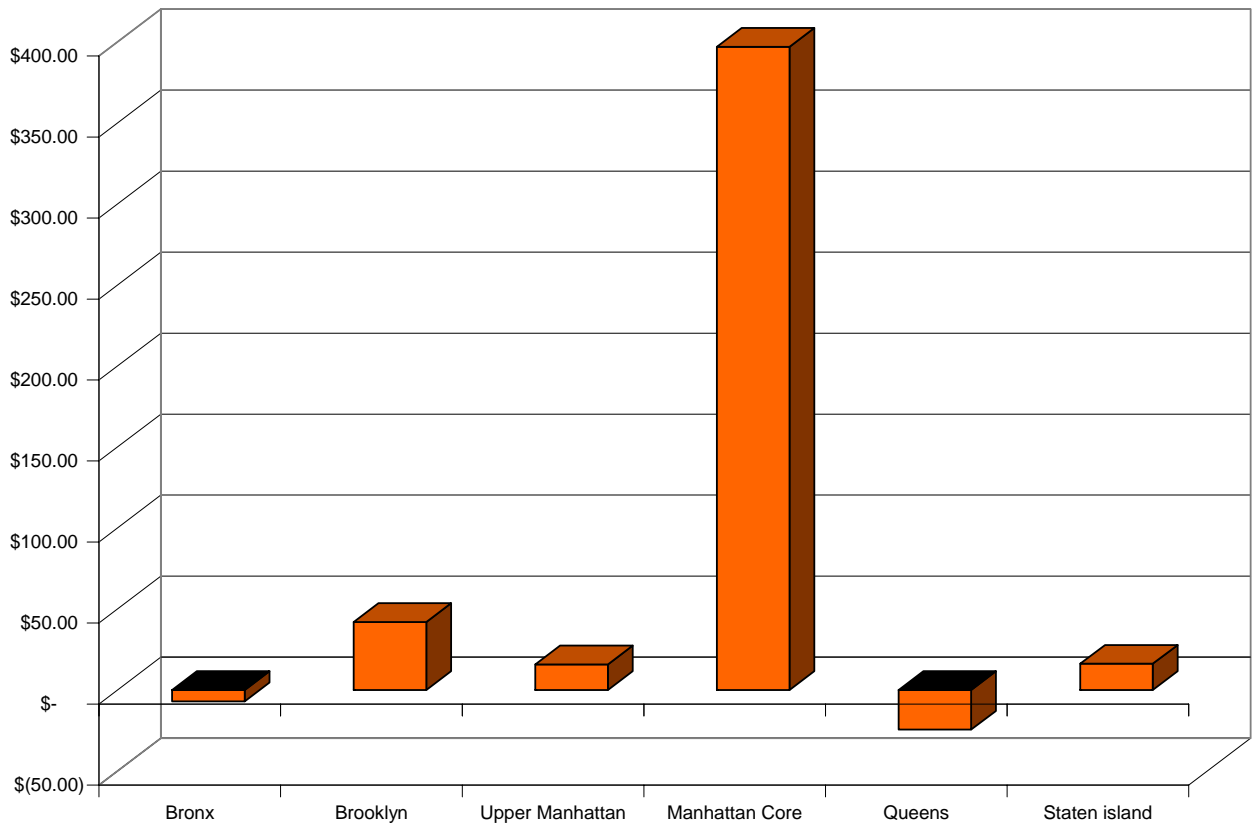


The Value of Rent Subsidies from Rent Stabilization by Borough & Neighborhood of New York City

*An Econometric Study based on the
2005 Housing and Vacancy Survey*



Urbanomics

115 5th Avenue
New York City, NY 10003

May 15, 2009

Table of Contents

Executive Summary	3
A Profile of Rent Stabilized Units: New York City and the Boroughs	5
Changes in the Rental Housing Inventory: 2005 to 2008	5
Characteristics of the 2005 Rental Housing Stock	7
The Boroughs and the Neighborhoods of Manhattan's <i>Core</i>	15
The Bronx	15
Brooklyn	15
Manhattan	16
Lower Manhattan	17
Mid-Manhattan	17
Upper East/West Sides	18
Queens	18
Staten Island	19
Estimating the Value of Rent Subsidy for Regulated Units	20
Prior Study Results	20
The Current Study: Modeling Methodology	22
Analysis of Rent Subsidy Benefits	23
The Geographic Pattern of Benefits	23
The Relationship between Subsidy Values & Extent Of Rent Stabilization	24
The Relationship between Subsidy Values and Neighborhood Income Level	24
Appendix A: Variable Names and Definitions, and the Sub- Borough Zone Definitions	
Appendix B: Regressions by Borough	
Appendix C: Borough Regression Results	

Executive Summary

The major findings on the value of rent subsidies from rent stabilization by borough and neighborhood of New York City:

- As of 2005, for New York City as a whole, the rent subsidy created by rent stabilization (the difference between stabilized and market rents) was 4 percent or \$35 per month. This compares with 11 percent in 1987 when the nominal value of the rent subsidy was higher citywide, or \$44 per month.
- While there has been a decline in subsidies citywide, the mean rent subsidy for Manhattan rose from \$159 per month in 1987 to \$354 per month by 2005, or half again faster than the rate of inflation.
- In the other boroughs, the mean rent subsidy ranged from minus \$24 to plus \$42 per month in 2005, having varied little from minus \$34 to plus \$19 per month in 1987.
- The more affluent Manhattan *Core* – south of 96th Street to the Battery on the Upper East Side and south of 110th Street to the Battery on the Upper West Side – exhibits the most substantial subsidy of \$397 per month, or 33 percent of the mean monthly rent payment in 2005. Elsewhere, subsidies are generally modest or nonexistent in other locations.
- The rent subsidy was calculated by econometric analysis of market or unregulated rents that would be paid on stabilized units in the absence of rent stabilization, using monthly contract rent data for comparable units as reported by the 2005 and 1987 *Housing and Vacancy Surveys (HVS)* of New York City.
- In 2005, the rent subsidy was slightly negative for the Bronx and Queens and slightly positive for Brooklyn, Staten Island and Manhattan north of 96th/110th streets. For many of these areas, deregulation would not effectively result in a rent increase.
- Only in the Manhattan *Core* was there a substantial positive subsidy from stabilization in all three neighborhoods -- Lower Manhattan, Mid-Manhattan and the Upper East/West Sides. These subsidies ranged from roughly 30 to 50 percent of median stabilized rents, amounting to as much as \$515 per month. Only in the Manhattan *Core* would there be a substantial increase in rent if stabilized units were deregulated.
- Looking at sub-borough areas and the degree of subsidy, it appears that the largest subsidies are created in areas (like the Manhattan *Core*) that have a relatively large percentage of rent stabilized housing and relatively high household incomes. Notably, with 324,749 stabilized units, Manhattan has the largest share of rent regulated housing.
- While the demographics of rent stabilized renters reflect the demographics of the City as a whole, the beneficiaries of the largest rent subsidies in the Manhattan *Core* constitute a distinct demographic that is younger, whiter and more affluent than the typical rent stabilized tenant.
- For instance, 30.4% of stabilized renters in Manhattan are white compared to 18.9% of all renters, with a median income of \$82,798 in the Manhattan *Core*

versus \$34,000 for all stabilized renters. While the median age for all stabilized units in Manhattan is the same as for the city as a whole, stabilized renters in the Manhattan Core are slightly younger.

- There is a strong relationship reported in the 2005 *HVS* between the awareness of rent stabilized status and the degree of benefit gained by the occupants that responded in Manhattan versus the outer boroughs. This relationship may imply that people in Manhattan more easily understand they are in a stabilized apartment since they receive the most benefit from being in the program.

A Profile of Rent Stabilized Units: New York City and the Boroughs

The following profile of rental units for New York City, the five boroughs and their sub-borough neighborhoods is based on the *2005 Housing and Vacancy Survey (HVS)*, prepared by the U.S. Bureau of the Census for New York City. It also incorporates initial findings of the *2008 HVS*, released on February 10, 2009. The Surveys are conducted by the Census Bureau at the request of the City of New York every three years. They use a sample of approximately 18,000 housing units from the 2000 decennial census, which are updated by the City's Department of Housing Preservation and Development (HPD) to include new construction, renovation and conversion. The *HVS* provides a synopsis of the City's housing market and the citywide net rental vacancy rate.

Changes in the Rental Housing Inventory: 2005 to 2008

The initial findings of the *2008 HVS* indicate that the City's housing stock increased to over 3.3 million units, the largest growth since the Survey was first conducted in 1965.¹ The 2008 Survey shows that between 2005 and 2008 New York City's housing inventory grew by almost 68,000 units as compared to the 52,000 increase between 2002 and 2005.² All of the boroughs experienced an increase with Manhattan accounting for more than 60 percent of this growth. The increase in Manhattan was 24,000 units or 35.2 percent of the citywide growth. Brooklyn experienced the second largest increase in housing inventory, adding 18,000 units or 26.6 percent of the City's housing growth. Another 21,000 units or approximately 30 percent of the housing increase was divided evenly between Queens and the Bronx. The remaining 5,000 units were added to Staten Island's housing inventory.³

New York City remains primarily a city of renters. The total number of both occupied and vacant rental units was reported to be almost 2,145,000 or 64.4 percent of the City's housing inventory in 2008. Occupied rental units increased from approximately 2,028,000 in 2005 to almost 2,083,000 in 2008. The number of vacant units available for rent declined slightly from 65,000 to 62,000 between 2005 and 2008.⁴

¹ Moon, Wha Lee, Selected Initial Findings of the 2008 New York City Housing and Vacancy Survey, New York City Department of Housing Preservation and Development, February 10, 2009.

² Moon, Wha Lee, Selected Findings of the 2005 New York City Housing and Vacancy Survey, New York City Department of Housing Preservation and Development, February 10, 2006.

³ Ibid.

⁴ Ibid.

**Table 1: Rental Housing Inventory by Rent Regulation Status in
New York City, 2005 & 2008**

Rent Regulation Status	2005	2008	Change 2005 - 2008	
			Number	Percent
Total Rental Units	2,092,363	2,144,652	52,289	2.5%
Occupied	2,027,626	2,082,890	55,264	2.7%
Vacant (available for rent)	64,737	61,762	-2,975	-4.6%
Occupied/Vacant Rental Units				
Rent Controlled	43,317	40,480	-2,837	-6.5%
Rent Stabilized	1,043,677	1,026,839	-16,838	-1.6%
Pre-1947	747,332	725,337	-21,995	-2.9%
Post 1947	296,345	301,503	5,158	1.7%
All Other Renter Units	1,005,369	1,077,333	71,964	7.1%

Source: U.S. Census, 2005 and 2008 New York City Housing Vacancy Survey

Rent stabilized units (occupied and vacant) declined by an estimated 17,000 units or 1.6 percent between 2005 and 2008.⁵ The Rent Guidelines Board report on *Changes to the Rent Stabilized Housing Stock in New York City in 2007* indicates that some 42,223 units were subtracted from rent stabilized housing while 23,735 units were added in the three year period. This results in a net decrease of approximately 18,488 rent stabilized units between 2005 and 2008.⁶

The number of rent stabilized units built pre-1947 declined by some 22,000 units or 2.9 percent from 747,000 units in 2005 to 725,000 in 2008. The number of post-1947 units increased by slightly more than 5,000 or 1.7 percent from 296,000 in 2005 to 301,500 in 2008.⁷ Rent controlled units remained relatively stable, from 43,000 in 2005 to 40,000 in 2008. All other rental units (predominantly private non-regulated units) increased in this same three year period by almost 72,000 or seven percent.⁸ In the Press Release accompanying the *Initial Findings of 2008 New York City Housing and Vacancy Survey*, the Mayor's Office noted that more than 13,000 income-targeted rental units were produced through the City's New Housing Marketplace Plan (the City's 10 year affordable housing program). These units were equivalent to almost 20 percent of the net increase in the City's rental housing stock between 2005 and 2008.⁹

The 2008 HVS also reported that the City's rental vacancy rate during the period between February and June of 2008 was 2.88 percent compared to 3.09 percent during a similar period in 2005. The rental vacancy rates in the boroughs ranged from 2.70 percent in Manhattan to 3.32 percent in Queens.¹⁰ The median income of renter households in 2007 was \$36,000, an increase of 12.5 percent from 2004. Real income grew by 1.4 percent in these three years. The median income of households in rent

⁵ U.S. Census Bureau, 2005 and 2008 New York City Housing and Vacancy Surveys.

⁶ New York City Rent Guidelines Board, *Changes to the Rent Stabilized Housing Stock in New York City in 2007*, June 3, 2008, Appendices 1 and 5.

⁷ U.S. Census Bureau, 2005 and 2008 New York City Housing Vacancy Surveys.

⁸ Ibid.

⁹ Office of the Mayor, Mayor Bloomberg Releases Initial Findings of 2008 New York City Housing and Vacancy Survey, 2/10/09. Retrieved 17 Feb. 2009 at <http://www.nyc.gov/html/hpd/html/pr/vacancy.shtml>.

¹⁰ Moon, Wha Lee, *Selected Initial Findings of the 2008 New York City Housing and Vacancy Survey*, New York City Department of Housing Preservation and Development, February 10, 2009.

stabilized units was also reported at \$36,000 in 2007 with the same real income increase of 1.4 percent from 2004.¹¹

Table 2: Rent/Income Ratios in Rent Stabilized Housing in New York City, 2005

	Median	Median	MCR/Income	Median	OP/Income
	HH Income 2004	Contract Rent(MCR)	Ratio	Out of Pocket Rent (OP)	Ratio
NYC	\$34,000 (a)	\$844	29.8%	\$768	27.1%
Bronx	\$25,000	\$750	36.1%	\$606	29.1%
Brooklyn	\$30,000	\$810	32.4%	\$750	30.0%
Manhattan	\$45,000	\$960	25.6%	\$920	24.5%
Queens	\$35,000	\$900	30.9%	\$850	29.1%
Staten Island	\$30,000	\$806	32.2%	\$681	27.2%

Source: U.S. Census, 2005 New York City Housing Vacancy Survey

Characteristics of the 2005 Rental Housing Stock

Monthly contract rent is the rent agreed to or contracted for without the monthly cost of tenant payments for fuel and utilities. The use of this measure eliminates the variations that result from differing practices with respect to the inclusion of utilities and fuels as part of the tenant's rent payment. Monthly out-of-pocket contract rent is the total amount of a tenant's monthly rent not paid by a government housing subsidy program. In 2005, the median monthly contract rent for New York City's rent stabilized units was \$844 while the median monthly out-of-pocket contract rent was \$768. The median income of households in rent stabilized units was \$34,000 in 2004.

Rent/income ratios are a composite measure of the proportion of household income tenants spend for rent. In this report, the rent /income ratio is estimated using both contract and out-of-pocket rent. New York City's median monthly contract rent/income ratio in 2005 was 29.8 percent. The City's median out-of-pocket rent/income ratio was 27.1 percent during the same period.¹² (Rent data are for the 2005 survey year while income data are for 2004.) Over 60 percent of New York City's renters in stabilized units paid from \$500 to \$1,000 in monthly contract rent in 2005.¹³

¹¹ Moon, Wha Lee, Selected Initial Findings of the 2008 New York City Housing and Vacancy Survey, New York City Department of Housing Preservation and Development, February 10, 2009.

¹² U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

¹³ Ibid.

Table 3: Monthly Contract Rent for Rent Stabilized Units as a Percent of Total Households, 2005

	Total HH	Less Than \$250	\$250-\$499	\$500-\$749	\$750-\$999	\$1000-\$1499	\$1500-\$1999	\$2000 Or More	Median MCR
NYC	100%	2.3%	7.4%	29.1%	32.7%	21.6%	5.2%	1.7%	\$844
Bronx	100%	3.2%	9.7%	39.4%	34.9%	12.1%	0.7%	0.0%	\$750
Brooklyn	100%	2.5%	7.4%	31.8%	39.5%	17.0%	1.7%	0.1%	\$810
Manhattan	100%	2.6%	8.9%	23.7%	19.2%	27.1%	13.4%	5.1%	\$960
Queens	100%	0.6%	3.2%	24.0%	44.5%	25.6%	2.0%	0.1%	\$900
Staten Island	100%	6.6%	4.9%	31.4%	40.4%	16.7%	0.0%	0.0%	\$806

Source: U.S. Census, 2005 New York City Housing Vacancy Survey

The 2005 HVS provides more detail on the characteristics of the City's rental housing; specifically the rent stabilized housing stock. Citywide, rent stabilized units (occupied) represent 48.5 percent. This is followed by unregulated units comprising 32 percent of New York City's housing inventory. Rent controlled units, which were 43,300 in 2005, only account for 2.1 percent of the rental housing in New York City.¹⁴

Table 4: Rental Housing Inventory by Rent Regulation Status for New York City and Borough, 2005

	Total Rental Units	Rent Controlled	Rent Stabilized	Other Rent Regulated	Non-Regulated	Vacant (for rent)
NYC	2,092,363	43,317	1,015,655	299,944	668,710	64,737
NYC	2,092,363	43,317	1,015,655	299,944	668,710	64,737
Bronx	377,797	3,985	217,048	81,152	65,661	9,951
Brooklyn	639,356	10,567	270,110	97,630	243,290	17,759
Manhattan	585,787	23,190	324,749	87,107	128,543	22,198
Queens	433,965	5,575	195,351	27,969	192,831	12,239
Staten Island	55,458	0	8,397	6,086	38,385	2,590

	Percentage of Rent Regulation Status by Borough					
NYC	100%	100%	100%	100%	100%	100%
Bronx	18.1%	9.2%	21.4%	27.1%	9.8%	15.4%
Brooklyn	30.6%	24.3%	26.6%	32.6%	36.4%	27.4%
Manhattan	28.0%	53.6%	32.0%	29.0%	19.2%	34.3%
Queens	20.7%	12.9%	19.2%	9.3%	28.9%	18.9%
Staten Island	2.6%	0.0%	0.8%	2.0%	5.7%	4.0%

Source: U.S. Census, 2005 New York City Housing Vacancy Survey

¹⁴ U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

Brooklyn accounts for 30.6 percent of all rental units in the City with Manhattan being a close second with 28 percent. Queens and the Bronx account for 20.7 and 18.1 percent respectively of the City's rental units. Staten Island has the highest percentage of home ownership in the City and only accounts for 2.6 percent of the City's rental housing.¹⁵

While the Bronx has the largest percentage of its housing stock rent regulated (80 percent), the actual number is significantly less than Manhattan, which contains the largest concentration of rent regulated units. Approximately 75 percent of Manhattan's rental housing is under rent regulation (435,046 units). Manhattan contains the highest number and percentage of rent stabilized units. This represents 324,749 units or 32 percent of the City's rent stabilized housing. Manhattan, containing the oldest housing in the City, has the majority of rent controlled apartments (53.6 percent). Additionally, Manhattan has another 87,107 units under other forms of rent regulation. Approximately 21.9 percent of Manhattan's rental housing is unregulated.¹⁶

Table 5: Rental Housing Inventory by Rent Regulation Status for New York City Boroughs, 2005

	Total Rental Units	Rent Controlled	Rent Stabilized	Other Rent Regulated	Non-Regulated	Vacant (for rent)
Bronx	377,797	3,985	217,048	81,152	65,661	9,951
Brooklyn	639,356	10,567	270,110	97,630	243,290	17,759
Manhattan	585,787	23,190	324,749	87,107	128,543	22,198
Queens	433,965	5,575	195,351	27,969	192,831	12,239
Staten Island	55,458	0	8,397	6,085	38,386	2,590
Percentage of Rent Regulation Status						
Bronx	100%	1.1%	57.4%	21.5%	17.4%	2.6%
Brooklyn	100%	1.6%	42.3%	15.3%	38.1%	2.7%
Manhattan	100%	3.9%	55.5%	14.9%	21.9%	3.8%
Manhattan	100%	3.9%	55.5%	14.9%	21.9%	3.8%
Staten Island	100%	0.0%	15.1%	10.9%	69.4%	4.6%

Source: U.S. Census, 2005 New York City Housing Vacancy Survey

The Manhattan *Core* is defined as the neighborhoods below 96th Street on the Upper East Side and 110th Street on the Upper West Side.¹⁷ It excludes Central and East Harlem, Morningside Heights/Hamilton Heights and Washington Heights/Inwood at the northernmost tip of the Island. The Manhattan *Core* has 67 percent of the borough's rental housing.¹⁸ It contains 63 percent of the borough's rent stabilized units and 75 percent of the rent controlled housing on the Island. The *Core*'s other rent regulated and unregulated housing represents 51 and 68 percent respectively of these units borough

¹⁵ U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

¹⁶ Ibid.

¹⁷ Arthur D. Little, Inc. Final Report to Rent Stabilization Association of New York City, Inc., Cambridge, Massachusetts: May 1998.

¹⁸ U.S. Census Bureau, 2005 New York City Housing Vacancy Survey

wide.¹⁹ The renters in the *Core* are generally younger with higher average incomes than is true in the neighborhoods to the north.²⁰

Table 6: Median Household Income for Stabilized Units by New York City, the Boroughs and the Neighborhoods of the Manhattan Core, 2005

	Total Households	Median HH Income
NYC	1,015,655	\$34,000
Bronx	217,048	\$25,000
Brooklyn	270,110	\$30,000
Manhattan	324,749	\$45,000
Lower Manhattan	47,051	\$48,000
Mid-Manhattan	67,867	\$56,000
Upper East/West Sides	88,863	\$57,314
Upper Manhattan	120,968	\$31,000
Queens	195,351	\$35,000
Staten Island	8,397	\$30,000

Source: U.S. Census, 2005 New York City Housing Vacancy Survey; (a) this data differs from the published 2005 NYC HVS median of \$34,000 due to modeling and sample universe

Brooklyn and Queens have approximately 26 and 19 percent of the City's rent stabilized units; this represents 270,110 units in Brooklyn and 195,351 in Queens. Brooklyn's share of rent controlled units is 10,567 (24.3 percent) while Queens has approximately half of Brooklyn's total with 5,575 rent controlled apartments. Rent stabilized units in the Bronx account for 217,048 units or 21.4 percent of the City's rent stabilized housing. The Bronx, similar to Queens, has a small amount of rent controlled housing, 3,985 units or 9.2 percent. Brooklyn and the Bronx have a significant portion of their housing units under other forms of rent regulations including Mitchell Lama, public housing, *in rem*, HUD regulated, and tax incentive programs. Brooklyn has 97,630 of these other rent regulated units (representing 32.6 percent of all such housing citywide). As seen in Table 4, the Bronx's share of other rent regulated units is 27.1 percent or 81,152 units.²¹

¹⁹ | U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

²⁰ Ibid.

²¹ Ibid.

Table 7: Comparison of Rent Status (Respondent Reported) for New York City and Boroughs, 2005

	Respon- dents Total	Under Rent Control		Rent Stabilization		Neither		Don't Know		Not Reported	
		#	%	#	%	#	%	#	%	#	%
NYC	5,104	491	100%	1296	100%	1152	100%	1090	100%	1075	100%
Bronx	1,112	126	25.7%	190	14.7%	331	28.7%	279	25.6%	186	17.3%
Brooklyn	1,292	142	28.9%	267	20.6%	324	28.2%	315	28.9%	244	22.7%
Manhattan	1,667	130	26.5%	589	45.4%	295	25.6%	220	20.2%	433	40.3%
Queens	991	87	17.7%	244	18.8%	191	16.6%	267	24.5%	202	18.8%
Staten Island (a)	42	6	1.2%	6	0.5%	11	0.9%	9	0.8%	10	0.9%

Source: U.S. Census, 2005 New York City Housing Vacancy Survey

(a) Caution should be used in interpreting this data due to the small sample size.

Note: This is the rent regulation status as reported by the respondent. Status is categorized as follows: (1) rent control, (2) rent stabilization, (3) neither, (4) respondent doesn't know.

The 2005 HVS provides information on the rent regulation status as reported by a sample of approximately 5,100 respondents. Table 7 summarizes this respondent awareness of their specific rent status. Status was categorized as follows: (1) rent control, (2) rent stabilization, (3) neither, and (4) respondent doesn't know status. Of particular interest is the information on the universe of respondents who are aware of their rent stabilization status (category 2). Manhattan has a significantly higher percentage of this universe, 45.4 percent or 589 units. The other boroughs have considerably less respondent awareness. Brooklyn is a distant second with 20.6 percent or 267 units. This is followed by Queens with 18.8 percent or 244 units and then by the Bronx with 14.7 percent or 190 units. Staten Island is last with only six units.²² This information may suggest a relationship between the awareness of rent stabilized status and the degree of benefit gained by the respondent. The wide disparity between Manhattan and the outer boroughs may imply that people in Manhattan more easily understand that they are in a stabilized apartment since they receive the most benefit from being in the program.

Table 8: Percent of Rental Housing by Sex of Head of Householder for New York City and Boroughs, 2005

	Total Rental Units		Under Rent Control		Rent Stabilization		Other Rent Regulated		Non-Regulated	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
NYC	44.8%	55.2%	44.0%	56.0%	45.0%	55.0%	27.3%	72.7%	52.3%	47.7%
Bronx	36.7%	63.3%	46.5%	53.5%	35.7%	64.3%	29.0%	71.0%	49.0%	51.0%
Brooklyn	43.2%	56.8%	31.7%	68.3%	45.0%	55.0%	22.0%	78.0%	50.4%	49.6%
Manhattan	45.9%	54.1%	50.5%	49.5%	46.5%	53.5%	32.2%	67.8%	52.6%	47.4%
Queens	53.0%	47.0%	38.5%	61.5%	53.1%	46.9%	26.9%	73.1%	57.0%	43.0%
Staten Island	43.0%	57.0%	0.0%	0.0%	48.3%	51.7%	20.9%	79.1%	45.4%	54.6%

Source: U.S. Census, 2005 New York City Housing Vacancy Survey

²² U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

The male and female head of household ratio of 45 percent (male) and 55 percent (female) is similar across all of New York City's rental housing categories with two notable exceptions. Other rent regulated units tend to have a significantly higher presence of female head of household; the ratio for this housing category is 72.7 percent (female) and 27.3 percent (male). Conversely, unregulated units tend to be headed by males at a slightly higher frequency; the ratio for these units is 52.3 percent (male) and 47.7 percent (female).²³

The median age overall for renter households in New York City is 43 years of age. The 2005 HVS also provides age of householder information by type of rental housing. Rent stabilized units have a similar age profile to total renter households at 43 years of age. (This may be attributable to the larger percentage of stabilized units in New York City.) Rent controlled housing exhibits a significantly higher age of householder, calculated at 69 years. Table 9 represents the age of householder in other rent regulated units is older at 50 years of age while unregulated units have a younger age profile at 40 years of age.²⁴

The racial/ethnic composition of New York City's renter households in 2005 was primarily minority. Black renter households at 24.2 percent essentially reflected their total citywide percentage of 25.2 percent. Puerto Rican and other Hispanic renter households comprised 29.2 percent of renter households, slightly larger than the citywide average of 27.4 percent. Asian households in rental housing were 8.8 percent, which was lower than their overall presence in New York City at 11.8 percent.²⁵ White renter households primarily occupied rent stabilized and unregulated housing at 18.9 and 14.6 percent respectively. Black renter households occupied rent stabilized units (10.7 percent), unregulated (6.8 percent) and other rent regulated units (6.1 percent). Puerto Rican and other Hispanic renter households primarily occupied rent stabilized housing. Asian renter households were primarily in rent stabilized housing at 4.1 percent and in rent regulated units at 3.9 percent.²⁶

²³ U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

²⁴ Ibid.

²⁵ U.S. Census Bureau, 2007 American Community Survey and 2005 New York City Housing Vacancy Survey.

²⁶ U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

Table 9: Percent of Rental Housing by Age of Head of Householder for New York City and Boroughs by Status, 2005

	Total HH	Total HH	Under 25	25-34	35-44	45-54	55-64	65-74	75+	Median
NYC	2,027,626	100%	4.8%	22.3%	25.6%	19.8%	12.3%	7.9%	7.3%	43
Rent Controlled	43,317	100%	0.9%	2.9%	6.5%	5.9%	19.8%	25.7%	38.3%	69
Rent Stabilized	1,015,655	100%	4.4%	22.0%	26.4%	20.6%	12.6%	7.9%	6.1%	43
Other Rent Regulated	299,944	100%	2.8%	13.1%	21.6%	20.5%	16.7%	12.1%	13.2%	50
Non-Regulated	668,710	100%	6.3%	26.7%	26.7%	19.3%	9.8%	5.7%	5.5%	40
Bronx	367,846	100%	4.2%	19.3%	27.8%	22.0%	13.4%	6.8%	6.5%	44
Rent Controlled	3,985	100%	0.0%	0.0%	21.2%	6.2%	23.8%	31.0%	17.8%	61
Rent Stabilized	217,048	100%	4.9%	19.8%	31.9%	21.6%	11.7%	5.5%	4.6%	42
Other Rent Regulated	81,152	100%	2.5%	13.7%	20.5%	21.7%	14.8%	12.9%	13.9%	50
Non-Regulated	65,661	100%	3.4%	24.7%	26.5%	25.1%	13.4%	4.1%	2.8%	43
Brooklyn	621,597	100%	4.5%	22.8%	25.1%	20.4%	10.9%	8.1%	8.2%	43
Rent Controlled	10,567	100%	1.9%	2.4%	5.5%	4.1%	17.4%	18.7%	50.0%	73
Rent Stabilized	270,110	100%	4.3%	22.5%	25.1%	21.6%	11.2%	8.6%	6.7%	44
Other Rent Regulated	97,630	100%	2.3%	14.1%	19.7%	18.5%	14.5%	14.0%	16.9%	51
Non-Regulated	243,290	100%	5.7%	27.3%	28.2%	20.3%	9.0%	4.8%	4.7%	40
Manhattan	563,589	100%	5.8%	23.2%	22.5%	18.3%	13.3%	8.8%	8.1%	43
Rent Controlled	23,190	100%	0.9%	2.4%	4.2%	7.4%	20.1%	29.0%	36.0%	69
Rent Stabilized	324,749	100%	4.5%	22.6%	23.5%	20.6%	14.4%	7.9%	6.5%	44
Other Rent Regulated	87,107	100%	3.2%	4.6%	18.9%	22.5%	17.2%	16.5%	17.1%	54
Non-Regulated	128,543	100%	11.1%	37.9%	25.8%	13.5%	6.7%	2.7%	2.3%	35
Queens	421,726	100%	4.2%	22.6%	28.2%	19.7%	12.0%	7.5%	5.8%	42
Rent Controlled	5,575	100%	0.0%	3.1%	8.1%	3.3%	20.0%	22.4%	43.1%	69
Rent Stabilized	195,351	100%	3.2%	22.8%	26.9%	19.0%	12.6%	9.4%	6.1%	43
Other Rent Regulated	27,969	100%	2.2%	15.2%	20.4%	19.5%	18.9%	14.2%	9.6%	50
Non-Regulated	192,831	100%	5.6%	24.0%	31.3%	20.8%	10.1%	4.3%	3.9%	40
Staten Island	52,868	100%	8.9%	26.6%	22.9%	15.5%	10.6%	7.1%	8.4%	40
Rent Controlled	0	100%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	NA
Rent Stabilized	8,397	100%	8.1%	19.7%	22.2%	16.9%	4.8%	9.1%	19.2%	47
Other Rent Regulated	6,086	100%	14.0%	11.8%	34.4%	14.7%	13.0%	5.9%	6.2%	41
Non-Regulated	38,385	100%	8.3%	30.5%	21.3%	15.3%	11.4%	6.9%	6.3%	40

Source: U.S. Census, 2005 New York City Housing Vacancy Survey

Table 10: Percent of Rental Housing by Race/Ethnicity of Head of Householder for New York City and Boroughs by Status, 2005

	Total HH	White	Black	Puerto Rican	Other Hispanic	Asian	Other
NYC	100%	37.0%	24.2%	12.0%	17.2%	8.8%	0.8%
Rent Controlled	2.5%	1.4%	0.6%	0.1%	0.2%	0.1%	0.1%
Rent Stabilized	50.0%	18.9%	10.7%	5.6%	10.3%	4.1%	0.4%
Other Rent Regulated	14.8%	2.1%	6.1%	3.8%	2.0%	0.7%	0.1%
Non-Regulated	32.7%	14.6%	6.8%	2.5%	4.7%	3.9%	0.2%
Bronx	100%	13.0%	31.3%	28.8%	24.3%	2.1%	0.5%
Rent Controlled	1.1%	0.5%	0.2%	0.2%	0.2%	0.0%	0.0%
Rent Stabilized	59.0%	7.5%	16.2%	16.3%	17.3%	1.5%	0.2%
Other Rent Regulated	22.1%	1.5%	7.9%	8.4%	4.0%	0.1%	0.2%
Non-Regulated	17.8%	3.5%	7.0%	3.9%	2.8%	0.5%	0.1%
Brooklyn	100%	38.4%	34.0%	9.6%	10.4%	7.1%	0.5%
Rent Controlled	1.9%	1.3%	0.4%	0.1%	0.1%	0.0%	0.0%
Rent Stabilized	43.3%	17.9%	14.4%	3.8%	4.7%	2.3%	0.2%
Other Rent Regulated	15.7%	3.2%	8.0%	2.8%	1.2%	0.4%	0.1%
Non-Regulated	39.1%	16.0%	11.2%	2.9%	4.4%	4.4%	0.2%
Manhattan	100%	52.3%	15.0%	7.6%	15.3%	8.4%	1.4%
Rent Controlled	4.1%	2.6%	0.5%	0.2%	0.5%	0.2%	0.1%
Rent Stabilized	57.5%	30.4%	7.8%	2.7%	11.2%	4.6%	0.8%
Other Rent Regulated	15.6%	2.0%	4.9%	4.4%	2.5%	1.7%	0.1%
Non-Regulated	22.8%	17.3%	1.8%	0.3%	1.1%	1.9%	0.4%
Queens	100%	33.2%	16.9%	7.1%	24.4%	17.8%	0.6%
Rent Controlled	1.4%	1.0%	0.1%	0.1%	0.1%	0.1%	0.0%
Rent Stabilized	46.3%	16.2%	5.5%	3.3%	12.2%	8.7%	0.4%
Other Rent Regulated	6.6%	0.9%	3.7%	0.8%	1.0%	0.2%	0.0%
Non-Regulated	45.7%	15.1%	7.6%	2.9%	11.1%	8.8%	0.2%
Staten Island	100%	57.1%	14.9%	10.8%	11.9%	5.3%	0.0%
Rent Controlled	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rent Stabilized	16.0%	7.9%	2.5%	1.6%	2.8%	1.2%	0.0%
Other Rent Regulated	11.4%	2.7%	5.7%	1.8%	1.2%	0.0%	0.0%
Non-Regulated	72.6%	46.5%	6.7%	7.4%	7.9%	4.1%	0.0%

Source: U.S. Census, 2005 New York City Housing Vacancy Survey

The Boroughs and the Neighborhoods of Manhattan's Core

The Bronx

The Bronx is divided by the Bronx River into the western section of the borough, closest to Manhattan and the eastern Bronx, closest to Queens, and the Long Island Sound. The borough has 30 percent of its land area in open space.²⁷ Multifamily residential development in four to twelve story apartment buildings predominate with one and two family housing concentrated in the northwest Bronx, Riverdale and the east Bronx. Approximately 20 percent of the Bronx's housing units are in one and two family residences while 62 percent are in apartment buildings with 20 or more units. Approximately 37 percent of the borough's housing was built before 1940.

During World War II and the post-war period to 1959, almost 30 percent of the borough's housing was constructed. Since 2000, another 3.2 percent has been added to the borough's housing stock.²⁸ The median age of the population in the Bronx is younger than the City, 32.3 years of age as compared to 36.0 citywide.²⁹ The Bronx has over 50 percent of its population classified as Hispanic. Puerto Rican and Dominican households are the predominant groups. Among total renter households, Blacks occupied 16.2 percent of rent stabilized units and White households were 7.5 percent. Approximately 33 percent of these households were Hispanic.³⁰

The 2004 median household income of rent stabilized households living in the Bronx was \$25,000, well below the City's median of \$34,000. In 2005, the Bronx's rent stabilized households paid a median monthly contract rent of \$750. Almost 75 percent of these households paid from \$500 to \$1,000 in monthly contract rent.³¹ The median out of pocket rent for these households was calculated to be \$606. The Bronx's rent/income ratio in 2005 for monthly contract rent was 36.1 percent, significantly higher than the City's ratio of 29.8 percent. As shown in Table 2, the median monthly out of pocket rent/income ratio was 29.1 percent, slightly higher than 27.1 percent citywide.³²

Brooklyn

Brooklyn is the most populous borough and the second largest in area. Its current boundaries were reached by the time that it consolidated with New York City in 1898. Open space represents 33 percent of the borough's total land area.³³ Its neighborhoods are very diverse culturally and ethnically. Brooklyn's housing stock is similarly diverse. Approximately one-third of Brooklyn's housing is in one and two family homes with a similar percentage in apartment buildings of 20 or more units. Buildings with three to four units account for 16 percent; another 11 percent are in buildings of five to nine units. Over 50 percent of Brooklyn's housing was built before 1940. Approximately 25 percent was constructed from 1940 to 1959. An additional 2.4 percent have been constructed since 2000. The median age of Brooklyn's population is 34.9 years of age as compared to 36.0 for New York City. Brooklyn has approximately 42 percent of its population

²⁷ New York City Department of City Planning, 2007 Primary Land Use: New York City by Borough.

²⁸ U.S. Census Bureau, 2007 American Community Survey.

²⁹ Ibid.

³⁰ U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

³¹ Ibid.

³² Ibid.

³³ New York City Department of City Planning, 2007 Primary Land Use: New York City by Borough.

categorized as White. The Black population is 35 percent with Asians at almost nine percent. Hispanics are estimated to be almost 20 percent of the borough's population.³⁴ Renter households have a similar pattern.³⁵

The 2004 median household income for rent stabilized households was \$30,000 compared to \$34,000 for New York City. The 2005 median monthly contract rent for stabilized units is \$810. Over 70 percent of the borough's rent stabilized households paid from \$500 to \$1,000 monthly. The median out of pocket rent for these households was calculated to be \$750. Brooklyn's rent/income ratio in 2005 for monthly contract rent was 32.4 percent, the highest of any other borough or the City as a whole. The median monthly out of pocket rent/income ratio was 30 percent, which again was higher than any other borough or the City.³⁶

Manhattan

Manhattan is the most densely populated and wealthiest borough. The borough has the third largest population in the City but the smallest area at 22 square miles. Only 20 percent of the population live in owner occupied housing; this is the second lowest behind the Bronx of any county in the United States. Almost 25 percent of the borough's total land area is in open space, a large part of which is provided by Central Park.³⁷ Similar to other parts of New York City, the borough has experienced a surge in new residential construction. The 2005 HVS indicates that the borough's neighborhoods below 96th Street on the east side and 110th Street on the west side are typically wealthier and younger.³⁸

Most of the borough's housing is in apartment buildings of 20 or more units (78 percent). An additional 12 percent are in buildings of five to nine units. Approximately 47 percent of Manhattan's housing was built before 1940. Between 1940 and 1959, another 18 percent were constructed. Another 3.7 percent have been constructed since 2000. The median age of Manhattan's population is 37.3 years of age, older than the remainder of the City's boroughs. Manhattan has approximately 74 percent of its population categorized as White, the highest in the City. The Black population is 12 percent with Asians at just over four percent. Hispanics are estimated to be 14.7 percent of the borough's population.³⁹

The 2004 median household income for rent stabilized households in Manhattan was \$45,000 compared to \$34,000 for New York City. The 2005 median monthly contract rent for stabilized units in the borough was \$960. Approximately 42 percent of the borough's rent stabilized households paid from \$500 to \$1,000 in monthly contract rent. The median out of pocket rent for these households was calculated to be \$920. Manhattan's rent/income ratio in 2005 for monthly contract rent and out of pocket rent was 25.6 and 24.5 percent respectively. These rent/income ratios are considerably below any areas in the outer boroughs as well as the neighborhoods in northern Manhattan.⁴⁰

³⁴ U.S. Census Bureau, 2007 American Community Survey.

³⁵ U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

³⁶ Ibid.

³⁷ New York City Department of City Planning, 2007 Primary Land Use: New York City by Borough.

³⁸ U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

³⁹ U.S. Census Bureau, 2007 American Community Survey.

⁴⁰ U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

Lower Manhattan

This sub-borough includes Greenwich Village/Financial District and the Lower East Side/Chinatown at the southern end of Manhattan. The population of the sub-borough is primarily White at 47 percent, followed by Asians with 26 percent and Hispanics at 18 percent. The Black population is relatively low at five percent. Asian and Hispanic populations are primarily found in the Lower East Side/Chinatown neighborhoods.⁴¹ The age of householders in rent stabilized apartments reflects a younger age than for Manhattan or any of the other areas of the City except for Staten Island and Sub-Borough E (which includes Borough Park) in Brooklyn. Eight percent of stabilized renters are in the Under 25 age group in the sub-borough and 26.6 percent are in the 25-34 age group.⁴² In addition to being a destination for young professionals, the Financial District is now beginning to attract more young families and is experiencing an increased birth rate.⁴³

Sub-Borough A's rent stabilized housing represents 42.4 percent of all rental housing, the lowest in Manhattan. The sub-borough has the second highest share of rent controlled housing in the City; Sub-Borough C (the Upper West and East Sides) has the highest amount of rent control units. The sub-borough's 2004 median income for rent stabilized households was \$48,000. This median income level, while among the highest in New York City, was below the significantly higher income levels found in Sub-Boroughs B (Chelsea/Stuyvesant Town) and C (Upper East/West Sides). The 2005 median contract rent paid by rent stabilized tenants was \$1,000. The median out of pocket rent was \$1,069. While both contract and out of pocket rent were among the highest in the City, the rent/income ratios for median contract and out of pocket rent were the lowest at 25.0 and 26.7 percent respectively due to the very high income levels. This is true in all of Manhattan's sub-boroughs except for Sub-Borough D in northern Manhattan.⁴⁴

Mid-Manhattan

Sub-Borough B includes Chelsea/Clinton/Midtown on the west side and Stuyvesant Town/Turtle Bay on the east side. The sub-borough's population is predominantly White at 70 percent. Hispanics account for 11.5 percent of the population followed by Asians at 10 percent. The Black population is approximately five percent.⁴⁵ The sub-borough's rent stabilized households are slightly older than the borough. The 65 plus population of the sub-borough is 17.4 percent compared to 14.9 percent for Manhattan.⁴⁶

Fifty seven percent of all rental housing in Sub-Borough B is rent stabilized. This is among the highest in the City and the second highest in Manhattan. Only northern Manhattan's neighborhoods have a higher share of their housing under rent stabilization. The sub-borough has the lowest percentage in Manhattan of housing under other rent

⁴¹ New York City Department of Planning, Manhattan Community District Profiles: CPD 1, 2 and 3, July, 2008.

⁴² U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

⁴³ Vivian Toy, "The Financial District Attracts Families". New York Times, February 20, 2009 Retrieved 20 Feb. 2009 at <http://www.nytimes.com/2009/02/22/realestate/22cov.html>

⁴⁴ U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

⁴⁵ New York City Department of Planning, Manhattan Community District Profiles: CPD 4, 5 and 6, July, 2008.

⁴⁶ U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

regulated programs (6.5 percent). Conversely, its unregulated units constitute the highest percentage in Manhattan. The sub-borough's 2004 median income for rent stabilized households was \$56,000, the second highest in New York City. Only the Upper West Side/East Side neighborhoods have a higher median income. The 2005 median contract rent paid by rent stabilized tenants was \$1,200, the same as that of the Upper East and West Sides. The median out of pocket rent was \$1,168. Similar to the other sub-boroughs (except northern Manhattan), the rent/income ratios for median contract and out of pocket rent were among the lowest in the City at 25.8 and 25.0 percent respectively.⁴⁷

Upper East/West Sides

Sub-Borough C includes the Upper West Side and the Upper East Side neighborhoods. The sub-borough has 75 percent of its population classified as White. Both Black and Asians comprise six percent of the population. Hispanics are approximately 10 percent.⁴⁸ This sub-borough has the highest percentage of Whites in Manhattan. The age structure of rent stabilized householders essentially reflects that of the overall population in the area. The sub-borough has a lower number of persons Under 25 and a slightly higher number of householders in the 55-64 age group.⁴⁹

The sub-borough's percentage of rent stabilized housing is 54.9 percent of all rental housing. This is the third highest in Manhattan and among the highest in the City. Sub-Borough C's percentage of rent control housing is the highest in the City at 5.2 percent. The sub-borough, similar to Sub-Borough B, has a low percentage of its housing under other rent regulated programs (7.3 percent). The sub-borough is a very wealthy area. Its 2004 median income for rent stabilized households was \$57,314, the highest in Manhattan and the City. The 2005 median contract rent paid by rent stabilized tenants was \$1,200, the same as that of Sub-Borough B. The median out of pocket rent was \$1,188. The rent/income ratios for median contract and out of pocket rent were the lowest in the City at 25.1 and 24.9 respectively.⁵⁰

Queens

Queens is located on the westernmost portion of Long Island. The borough is the largest in area and has the second largest population. The borough has almost 20 percent of its land area in open space.⁵¹ Almost 50 percent of the borough's housing consists of single and two family homes. Approximately 30 percent are in apartment building with 20 or more units. Approximately 35 percent of the borough's housing was built before 1940. During World War II and the post-war period to 1959, almost 40 percent of the borough's housing was constructed. Another 13 percent was added during the 1960's. Since 2000, an additional 2.4 percent has been constructed. The median age of the population in Queens is somewhat older than the City as a whole, 37.7 years of age as compared to 36.0 citywide. Queens has 44.6 percent of its population classified as White, followed by a large Asian population at 21.1 percent. The borough's Black population is 19.4 percent and Hispanics account for 26.2 percent. Queens is the most diverse area in New York City. The borough has the largest

⁴⁷ U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

⁴⁸ New York City Department of Planning, Manhattan Community District Profiles: CPD 7 and 8, July, 2008.

⁴⁹ U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

⁵⁰ Ibid.

⁵¹ New York City Department of City Planning, 2007 Primary Land Use: New York City by Borough.

concentration of Columbians, Ecuadorians, Peruvians and the second largest percentage of Mexicans in the City. The borough also has a large Asian population composed of Chinese, Koreans, Filipinos, and South Asians. White renter households comprise 33.2 percent, Black renters are 16.9 percent and Hispanic renters represent 15 percent.⁵²

The 2004 median household income of rent stabilized households living in Queens was \$35,000, slightly above the City's median of \$34,000. In 2005, Queens' rent stabilized households paid a median monthly contract rent of \$900. Approximately 70 percent of these stabilized households paid from \$750 to \$1,500 in monthly contract rent. For stabilized units, the median out of pocket rent for these households was calculated to be \$850. Queens' rent/income ratio in 2005 for monthly contract rent was 30.9 percent, similar to New York City and lower than the other boroughs with the exception of Manhattan. The median monthly out of pocket rent/income ratio was 29.1 percent, slightly higher than 27.1 percent citywide.⁵³

Staten Island

Staten Island only has one sub-borough which covers the whole borough, including the North Shore, Mid-Island and South Shore areas. It is the most suburban of New York City's boroughs. The North Shore is the most urban of the areas on Staten Island. The borough has approximately 20 percent of its land area in open space.⁵⁴ Housing is predominantly owner occupied at 70 percent. Over 60 percent of its housing is comprised of single family homes. Another 23 percent are in two family residences. Only nine percent are in buildings with 20+ units. The borough's housing stock is relatively recent with only 19 percent built before 1940. Almost 50 percent of the housing has been built since 1970. The median age is 37.4 years of age in comparison to the citywide median of 36.0 years of age. Staten Island's population is predominantly White at 75 percent. Renter households have a higher percentage of minorities than is true for the population as a whole. Staten Island is younger and older than New York City. Rent stabilized householders have 8.1 percent in the Under 25 age category and over 28 percent in the 65+ age group.⁵⁵

The 2004 median household income of rent stabilized households living in Staten Island Queens was \$30,000, similar to Brooklyn. This median income level is above the Bronx, the same as Brooklyn but below Queens and New York City. In 2005, rent stabilized households paid a median monthly contract rent of \$806. The median out of pocket rent for these households was calculated to be \$681, the lowest in the City with the exception of the Bronx. Staten Island's rent/income ratio in 2005 for monthly contract rent was 32.2 percent, slightly higher than the City and lower than that of the Bronx. The median monthly out of pocket rent/income ratio was 27.2 percent, similar to the City but lower than the other boroughs (with the exception of Manhattan).⁵⁶

⁵² U.S. Census Bureau, 2007 American Community Survey.

⁵³ U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

⁵⁴ New York City Department of City Planning, 2007 Primary Land Use: New York City by Borough.

⁵⁵ U.S. Census Bureau, 2007 American Community Survey.

⁵⁶ U.S. Census Bureau, 2005 New York City Housing Vacancy Survey.

Estimating the Value of Rent Subsidy for Regulated Units

At the request of the Rent Stabilization Association (RSA), Urbanomics performed an econometric analysis of 2005 HVS data to calculate the monthly rent subsidy, if any, generated by rent stabilization in New York City. This effort is in keeping with previous research on the rent subsidy of rent regulated units. Over the past two decades, several studies have been conducted and Table 11 presents their summary information and results.⁵⁷

Prior Study Results

Between 1987 and 1993, rents for both stabilized and unregulated apartments grew with the fastest growth occurring among unregulated units in the City as a whole, as well as in each borough. In 1987, rents in Manhattan stabilized units were between 5 percent and 60 percent higher than in other boroughs. By 1993 rents in Manhattan stabilized units were between 5 percent and 40 percent higher than in other boroughs, as stabilized rents in Manhattan grew more slowly than elsewhere. By 1999 rents in Manhattan stabilized units were between 10 percent and 45 percent higher than in other boroughs, as growth in rents in Manhattan, and particularly lower and mid-Manhattan, outstripped growth elsewhere.

The differences in unregulated rents among the boroughs were even more pronounced, than were their growth patterns. Between 1993 and 1999 rents in unregulated units in the outer boroughs and upper-Manhattan rose between 5 percent and 19 percent. However rents in lower and mid-Manhattan rose 86 percent so that in 1999 median unregulated rents in those areas were more than double median stabilized rents, while in the outer boroughs and upper-Manhattan median unregulated rents were between 5 percent and 30 percent higher than median stabilized rents. However, as Table 12 shows, the calculated subsidies produced by the system of rent stabilization were considerably smaller than the actual rent differentials.

⁵⁷ Pollakowski, Henry O., *An Examination of Subsidies Generated by Rent Stabilization in New York City*, Joint Center for Housing Studies of Harvard University, May 1989.

Pollakowski, Henry O., *The Effects of Rent Deregulation in New York City*, MIT Center for Real Estate, February 1997. Pollakowski, Henry O., *Who Really Benefits from New York City's Rent Regulation System?* Manhattan Institute, Civic Report, No. 34, March 2003.

Table 11. Mean/Median Stabilized and Unregulated Rents in New York City by Borough, 1987, 1993, 1999

	1987		1993		Growth (1987 to 1993)		1999		Growth (1993 to 1999)	
	Stabilized	Unregulated	Stabilized	Unregulated	Stabilized	Unregulated	Stabilized	Unregulated	Stabilized	Unregulated
New York City (1)	435	445	525	640	21%	44%	650	750	24%	17%
Bronx	325	398	450	600	38%	51%	550	700	22%	17%
Brooklyn	356	408	500	600	40%	47%	607	700	21%	17%
Manhattan	511	731	625	1030	22%	41%	800	1995	28%	94%
Manhattan- <i>Core</i>			750	1090			1000	2029	33%	86%
Manhattan-Upper			486	716			600	750	23%	5%
Queens (1)	420	499	564	675	34%	35%	690	750	22%	11%
Staten Island (1)	478	427	575	564	20%	32%	650	650	13%	15%

Source: Pollakowski, Henry O., An Examination of Subsidies Generated by Rent Stabilization in New York City, Joint Center for Housing Studies of Harvard University, May 1989. Pollakowski, Henry O., The Effects of Rent Deregulation in New York City, MIT Center for Real Estate, February 1997. Pollakowski, Henry O., Who Really Benefits from New York City's Rent Regulation System? Manhattan Institute, Civic Report, No. 34, March 2003

(1) Median for New York City in 1987, means for boroughs

Note: Growth for 1987 to 1993 is an estimate: data for 1987 are means while those for 1993 are medians.

Thus, the studies concluded that relaxation or removal of rent stabilization would not cause major dislocations in the market for rental apartments in New York City. According to studies based on the 1987 data, outside of Manhattan rent stabilization produced negligible subsidies, whereas a very substantial subsidy was evident inside Manhattan. According to studies based on the 1993 data, outside of Manhattan rent stabilization produced subsidies of 1 to 16 percent. Again, the subsidy in Manhattan was considerably larger than in the rest of New York City. The study based on 1999 data showed similar results. That is, the subsidy caused by rent stabilization was negligible in Brooklyn, upper Manhattan, Queens, and Staten Island. It was larger in the Bronx at 10.5 percent, and reached nearly 40 percent in lower and mid-Manhattan.

Table 12: The Difference in Mean Contract Rents in New York City, 1989-1999

Difference in Mean Rents, Unregulated less Stabilized								
	1989/1992	1989/1992 (%)	1993 (2)	1993 (%)	1999 (2)	1999 (%)		
New York City	56	13.4%	115	21.9%	100	15.4%		
Bronx	73	22.5%	150	33.3%	150	27.3%		
Brooklyn	52	14.6%	100	20.0%	93	15.3%		
Manhattan	220	43.1%						
Manhattan-Core			340	54.4%	1029	102.9%		
Manhattan-Upper			230	47.3%	150	25.0%		
Queens (1)	79	18.8%	111	19.7%	60	8.7%		
Staten Island (1)	-51	-10.7%	11	2.0%	0	0.0%		
Difference in Mean Rents (Stabilization Subsidy), Estimated Unregulated less Stabilized								
	1989	1989 (%)	1992	1992 (%)	1993 (2)	1993 (%)	1999	1999 (%)
New York City	44	11.0%	34	8.4%	115	21.9%	42	6.5%
Bronx	-34	-10.6%	-5	-1.5%	51	11.3%	58	10.5%
Brooklyn	-16	-4.5%	-8	-2.2%	22	4.4%	5	0.8%
Manhattan	159	33.6%	165	33.0%				
Manhattan-Core					139	18.5%	397	39.7%
Manhattan-Upper							9	1.5%
Queens (1)	19	4.5%	2	0.5%	6	1.1%	0	0.0%
Staten Island (1)					0	0.0%	0	0.0%

1. In the 1989 and 1992 studies data for Queens and Staten Island are combined
 2. The data in the 1993 and 1999 study are medians rather than means
- Source: The 1989 and 1992 studies both use data from the 1987 Housing and Vacancy Study. The equations used to calculate the subsidies are slightly different in the 1989 and 1992 studies. The 1989 study data uses means while the 1992 study uses medians in their calculations. The 1993 study uses the data from the 1993 HVS. The 2003 study uses the data from the 1999 HVS.

The Current Study: Modeling Methodology

The current study uses a similar methodology to that used in earlier studies although there are some differences in approach. The data, shown in Table 13, is derived from the 2005 *Housing and Vacancy Survey* for New York City. It shows median contract rents for stabilized and unregulated apartments in the five boroughs. There are significant differences in these rent comparisons from those shown in earlier studies.

For example, the rent differentials are greater in the Bronx and Brooklyn in Queens. The rent differential for Manhattan, which was always large, has increased substantially, while in Staten Island, which has very few stabilized units, continues to show only a small rent differential.

Table 13: Difference in Weighted Median Contract Rents, Unregulated less Stabilized for New York City and Boroughs, 2005

	Number of Units(1)		Stabilized	Unregulated	Differential	Differential (%)
	Stabilized	Unregulated				
New York City	5,030	3,219	\$844	\$1,000	\$156	18.5%
Bronx	1,095	314	\$750	\$919	\$169	22.6%
Brooklyn	1,279	1,152	\$810	\$924	\$114	14.1%
Manhattan	1,631	640	\$960	\$2,200	\$1,240	129.2%
Queens	983	934	\$900	\$1,000	\$100	11.1%
Staten Island	42	179	\$806	\$848	\$42	5.2%

Source: Urbanomics

(1) The number of units used in the calculations is lower than the total number in the survey as not all units reported on their rents.

As in earlier studies, the current study estimates the market or unregulated rents that would be paid on currently stabilized units in the absence of rent stabilization. To accomplish this, regression equations were produced based on data for the unregulated units in each borough. The regressions calculate the relationship of contract rent to a variety of explanatory variables that describe the units, their buildings, their locations (area of the city), and the lessees. Three independent variables appear in all five regressions: the number of bedrooms, the number of other rooms, and the year the lessee moved into the building. All of these variables have positive signs and are highly significant. All other variables included in the regressions are also significant and have the expected signs of positive or negative impact. Thus, in equations where household income appears it is positive, while the coefficient for resident assessment of the neighborhood is negative where it appears, signifying that the better the neighborhood is, the higher the rent. The variable names and definitions, as well as and sub-borough zone definitions, are shown in Appendix A. The regressions are shown in Appendix B.

After calibration, the coefficients of the regressions for unregulated units in each borough were then applied to the information for stabilized units. This produced an estimate of the rent that would be paid for those units if the lessees paid market rents for them.

Analysis of Rent Subsidy Benefits

The Geographic Pattern of Benefits

A summary of the simulation results are shown in Table 14, with more extensive results by sub-borough in Appendix C. The results are similar to those of earlier studies. For the City as a whole, the rent subsidy created by rent stabilization is 4 percent or \$35 per month. It is slightly negative for the Bronx and Queens, and slightly positive for Brooklyn and Staten Island. Only in Manhattan is there a substantial subsidy of \$354 per month, and in the Manhattan Core of \$397 per month. Thus, only in the Manhattan Core might there be an increase in rent if the rent stabilization laws elapsed.

Outside of the affluent areas of Manhattan, the subsidy generated by rent stabilization is modest. In Upper Manhattan, north of 110th Street, there is a minimal subsidy of \$16 or 2 percent. However, in the Manhattan *Core*, subsidies are large and range from roughly 30 to 50 percent of the median stabilized rent, amounting to as much as \$515 per month.

Table 14: Estimated Unregulated Less Stabilization for New York City, 2005

	Stabilized Actual	Estimated Unregulated	Difference	% Difference
New York City	\$844	\$879	\$35	4.2%
Bronx	\$750	\$743	-\$7	-0.9%
Brooklyn	\$810	\$852	\$42	5.1%
Manhattan	\$960	\$1,314	\$354	36.8%
<i>Core</i>	\$1,200	\$1,597	\$397	33.1%
Lower Manhattan	\$1,000	\$1,515	\$515	51.5%
Mid-Manhattan	\$1,200	\$1,555	\$355	29.5%
Upper East and West Sides	\$1,200	\$1,678	\$478	39.8%
Upper Manhattan	\$734	\$750	\$16	2.2%
Queens	\$900	\$876	-\$24	-2.7%
Staten Island	\$806	\$823	\$16	2.0%

Source: Urbanomics

Differences in rent subsidy exhibited in areas of Manhattan are also evident among the sub-boroughs or neighborhoods of the outer boroughs. For example, in the Bronx *Sub-Boroughs A and B*, the rent subsidies range from a positive 4 to 6 percent, while in the borough as a whole it is a negative 1 percent. In Queens, which also has a negative subsidy borough wide, all sub-borough areas show a negative rent subsidy with the exception of the neighborhoods of Jamaica and the Rockaways (*Sub-Borough D*). In Brooklyn, which has a positive rent subsidy of 5 percent, the benefit in five sub-boroughs ranges from 4 to 8 percent of area stabilized rents, while in *Sub-Borough B* (Brooklyn Heights, Park Slope and Prospect Heights) actual regulated rents are 4 percent above the estimated market value based upon prevailing unregulated rents.

The Relationship between Subsidy Value and Extent of Rent Stabilization

In sub-borough neighborhoods where the extent of rent stabilization is higher, larger subsidies are often found. In fact, the greater the extent of rent stabilization, the larger tends to be the absolute value of subsidy, whether positive or negative. This pattern was corroborated by rent subsidy estimates in the 1987 study and evident today. Neighborhoods with more than 55 percent regulation among all rental units – such as Midtown and Upper East/West Sides of Manhattan, Bronx *Sub-Boroughs A and C*, and Brooklyn *Sub-Borough D* – depict this relationship.

The Relationship between Subsidy Value and Neighborhood Income Level

In locations where incomes are higher, larger rent subsidies are to be found. Conversely, in locations where incomes are lower, negative subsidies are often, but not always, in evidence. Again, this high-income relationship is evident in Manhattan south of 110th St, where the median household incomes of stabilized renters ranged from \$48,000 to \$57,300 per annum in 2005, while rent subsidies generated by regulation

were respectively \$515 to \$478 per month. Among the five sub-borough neighborhoods with negative subsidies, four areas reported stabilized renters with incomes at or below \$35,000 in 2005. Although other low income renters experienced positive rent subsidies, none exceeded a monthly benefit above \$70 with the exception of Queens *Sub-Borough D* (Jamaica and the Rockaways).

APPENDIX

Appendix A: Variable Names and Definitions and the Sub Borough Zone Definitions

BRONX		MANHATTAN	
Zone1	Mott Haven/Hunts Point	Zone1	Greenwich Village/Financial District
Zone2	Morrisania/Belmont	Zone2	Lower East Side/Chinatown
Zone3	Highbridge/S. Concourse	Zone3	Chelsea/Clinton/Midtown
Zone4	University Hts/Fordham	Zone4	Stuyvesant Town/Turtle Bay
Zone5	Kingsbridge Hts/Mosholu	Zone5	Upper West Side
Zone6	Riverdale/Kingsbridge	Zone6	Upper East Side
Zone7	Soudview/Parkchester	Zone7	Morningside Heights/Hamilton Heights
Zone8	Throgs Neck/Co-op City	Zone8	Central Harlem
Zone9	Pelham Parkway	Zone9	East Harlem
Zone10	Williamsbridge/Baychester	Zone10	WashingtonHeights/Inwood
Zone A	Zones 1,2,3,4	Zone A	Lower Manhattan, Zones 1,2
Zone B	Zones 6,7,9	Zone B	Mid-Manhattan, Zones 3,4
Zone C	Zones 5,8,10	Zone C	Upper East and West Sides, Zones 5,6
		Zone D	Upper Manhattan, Zones 7,8,9,10
BROOKLYN		QUEENS	
Zone1	Williamsburg/Greenpoint		
Zone 2	Brooklyn Heights/Fort Greene	Zone1	Astoria
Zone3	Bedford Stuyvesant	Zone2	Sunnyside/Woodside
Zone 4	Bushwick	Zone3	Jackson Heights
Zone5	East New York/Starrett City	Zone4	Elmhurst/Corona
Zone6	Park Slope/Carroll Gardens	Zone5	Middle Village/Ridgewood
Zone 7	Sunset Park	Zone6	Forest Hills/Rego Park
Zone8	Lower Manhattan	Zone7	Flushing/Whitestone
Zone 9	Mid-Manhattan	Zone8	Hilcrest/Fresh Meadows
Zone10	Upper East/West Sides	Zone9	Kew Gardens/ Woodhaven
Zone11	Bensonhurst	Zone10	Howard Beach/ S. Ozone Park
Zone12	Borough Park	Zone11	Bayside/ Little Neck
Zone13	Coney Island	Zone12	Jamaica
Zone14	Flatbush	Zone13	Bellerose/Rosedale
Zone15	Sheepshead Bay/Gravesend	Zone14	Rockaways
Zone16	Brownsville		
Zone17	East Flatbush	Zone A	Zones 1,2,3,4,7
Zone18	Flatlands/Canarsie	Zone B	Zones 5,6,8,9
		Zone C	Zones 10,11,13
Zone A	Zones 1,3,4	Zone D	Zones 12,14
Zone B	Zones 2,6,8		
Zone C	Zones 5,16,17,18		
Zone D	Zones 7,9,14	STATEN ISLAND	
Zone E	Zones 10,11,12		
Zone F	Zones 13,15	Zone1	North Shore
		Zone2	Mid-Island
		Zone3	South Shore

Appendix A: Variable Names and Definitions and the Sub Borough Zone Definitions

Apartment Information	
BEDROOM	Number of Bedrooms
ROOMS-BEDROOM	Number of Other Rooms
YEARMOV	Year Tenant Moved into Unit
ELEC or GAS	Electricity or Gas Bill Paid Separately; Yes=0, No=1
FLOOR	Floor of Unit; 1=Basement; 2=1st Floor, . . .7= 6th to 10th etc
LENLEAS	Length of Lease; 1= Less than 1 Year, 2=1 Year, 3=1 to 2 years, 4=2 Years, 5=More than 2 Years, 0=No Lease; NA=Other
Building Information	
BLGCOM	Building Condition; 0=Good, 1=Bad (Having 1 or more Problems)
NUMUNIT	Number of Units in Building; 1=1 without Business,2=1 with Business, . . . 12=50 to 99 Units, 12=100 or More Units
PASSEL	Passenger Elevator in Building; 0=Yes,1=No
STORIES	Stories in Building; 1=1 to 2 Stories, 2=3 Stories . . .5=6 to 10 Stories, 6=11 to 20 Stories, 7=21 Stories or More
YEARBU	Year Building Built;1=1990 or Later, 2=1980 to 1990, . . . 8=1901 to 1919, 9=1990 or Earlier
Neighborhood Information	
RESRATE	Respondent Rating of Residential Structures in Neighborhood; 1=Excellent, 2=Good, 3=Fair, 4=Poor, NA= Not Reported
Zone 1, 2, N	Subborough Area;1 in Subborough, 0=rest of Borough
Resident Information	
PUBASS	Receipt of Public Assistance; 0=Yes, 1=No, NA=Not Reported
RACEETH	Race or Ethnicity of Householder; 1=White non-Hispanic, 0=Other
REAGE	Lower Manhattan
REHHINC	Mid-Manhattan
REHHINC*REHHINC	Upper East/West Sides
REROOM	Persons per Room
Other	
Dumx	Dummy variable to account for extreme differences in original regression between actual and fitted values; used primarily when apartment rent is extremely high for borough/subborough; 1 for that observation, 0=for other observations

Appendix B: Regressions

BRONX					MANHATTAN				
Dependent Variable: MCRENT					Dependent Variable: MCRENT				
Method: Least Squares					Method: Least Squares				
Date: 02/15/09 Time: 12:00					Date: 02/25/09 Time: 11:49				
Sample (adjusted): 1 324					Sample: 1 650				
Included observations: 314 after adjustments					Included observations: 590				
Variable	Coefficient	Std. Error	t-Statistic	Prob.	Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-13198.510	4394.983	-3.003	0.0029	C	-100671.10	10804.390	-9.318	0.0000
BEDROOM	166.608	16.520	10.085	0.0000	BEDROOM	451.103	39.691	11.365	0.0000
ROOMS-BE	91.676	28.377	3.231	0.0014	ROOMS-BEDROOM	331.625	55.811	5.942	0
YEARMOV	6.754	2.199	3.072	0.0023	NUMUNIT	-130.330	25.769	-5.058	0
GAS	-56.737	35.131	-1.615	0.1074	FLOOR	65.270	18.770	3.477	0.0005
LENLEAS	20.381	10.381	1.963	0.0505	PASSEL	-308.774	116.315	-2.655	0.0082
RACEETH	68.106	47.469	1.435	0.1524	YEARMOV	50.242	5.409	9.289	0.0000
REROOM	1.619	0.472	3.431	0.0007	STORIES	158.415	43.928	3.606	0.0003
RESRATE	-79.212	19.046	-4.159	0.0000	RACEETH	254.507	72.186	3.526	0.0005
ZONE3	242.556	77.697	3.122	0.0020	REHHINC	0.001	0.000	6.118	0
ZONE4	-283.298	102.924	-2.752	0.0063	REROOM	3.008	1.064	2.828	0.0049
ZONE6	179.163	71.987	2.489	0.0134	ZONE1	1141.292	119.255	9.570	0.0000
ZONE8+ZON	63.124	41.953	1.505	0.1335	ZONE2	785.311	145.100	5.412	0.0000
DUM89	3245.057	303.413	10.695	0	ZONE3	938.805	120.982	7.760	0
					ZONE4	913.362	118.962	7.678	0
					ZONE5	1084.284	123.640	8.770	0
R-squared	0.556316	Mean dependent var	974.0478		ZONE6	1011.868	110.430	9.163	0
Adjusted R-s	0.53709	S.D. dependent var	429.6689		DUM1	-2835.246	702.357	-4.037	0.0001
S.E. of regre	Lower Manhattan	Akaike info criterion	14.23725		DUM93	2965.052	708.676	4.184	0
Sum squared	Mid-Manhattan	Schwarz criterion	14.40442		DUM147	2439.928	716.392	3.406	0.0007
Log likelihood	Upper East/West Sides	F-statistic	28.93516		DUM236	2327.006	701.536	3.317	0.001
Durbin-Wats	1.731727	Prob(F-statistic)	0		DUM328	2392.899	703.053	3.404	0.0007
					DUM548	2530.977	699.725	3.617	0.0003
					DUM557	2407.966	704.091	3.420	0.0007
					DUM619	2260.464	705.071	3.206	0.0014
					R-squared	0.585478	Mean dependent var	2314.146	
					Adjusted R-squared	0.56787	S.D. dependent var	1056.603	
					S.E. of regression	694.5747	Akaike info criterion	15.96593	
					Sum squared resid	2.73E+08	Schwarz criterion	16.15152	
					Log likelihood	-4.68E+03	F-statistic	33.25066	
					Durbin-Watson stat	1.079845	Prob(F-statistic)	0	

Appendix B: Regressions

BROOKLYN				
Dependent Variable: MCRENT				
Method: Least Squares				
Date: 02/22/09 Time: 14:48				
Sample: 1 1152				
Included observations: 854				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-23409.82	2934.5940	-7.9772	0.0000
BEDROOM	124.4368	13.2745	9.3742	0.0000
ROOMS-BEDROOM	99.1350	17.1841	5.7690	0.0000
YEARMOV	11.8386	1.4687	8.0609	0.0000
STORIES	64.7117	13.3845	4.8348	0.0000
FLOOR	-25.6400	12.7377	-2.0129	0.0444
ELEC	-64.6408	37.4845	-1.7245	0.0850
YEARBU	-7.6601	6.5745	-1.1651	0.2443
RACEETH	145.3272	25.3532	5.7321	0.0000
REHHINC	0.00369	0.00045	8.194558	0
REHHINC*REHHINC	-6.52E-09	1.16E-09	-5.606525	0
DUM372	2147.432	324.5684	6.61627	0
DUM375	3197.871	328.2053	9.743509	0
DUM860	3036.729	340.6162	8.915397	0
ZONE4+ZONE5	-97.29497	36.33061	-2.678044	0.0076
ZONE13+ZONE9	-160.465	53.06701	-3.023818	0.0026
ZONE14	-74.13275	61.81517	-1.199265	0.2308
ZONE3+ZONE15	-107.1911	36.93236	-2.902362	0.0038
ZONE6+ZONE11	105.2868	34.54566	3.047757	0.0024
ZONE12	-91.9381	49.64936	-1.851748	0.0644
ZONE2	157.9638	58.00104	2.723465	0.0066
LENLEAS	39.45295	7.078894	5.573321	0
R-squared	0.532432	Mean dependent var	984.6358	
Adjusted R-squared	0.52063	S.D. dependent var	465.4837	
S.E. of regression	322.2849	Akaike info criterion	14.41417	
Sum squared resid	86417788	Schwarz criterion	14.53654	
Log likelihood	-6132.852	F-statistic	45.11519	
Durbin-Watson stat	1.681504	Prob(F-statistic)	0	

Appendix C: Borough Regression Results

	Median	Sample Size		Contract Rent			Differential	
	HH Income	Stabilized	Unregulated	Stabilized actual	Unregulated actual	Unregulated estimated	Dollars	%
				1	2	3	3 - 1	(3-1)/1
BRONX								
TOTAL	\$ 31,559.00	1112	324					
Used in Calculations		1095	314	\$ 750.00	\$ 919.48	\$ 743.11	\$ (6.89)	-0.00919
BROOKLYN								
TOTAL	\$ 37,252.00	1292	1183					
Used in Calculations		1279	1152	\$ 810.00	\$ 924.00	\$ 851.52	\$ 41.52	0.051265
MANHATTAN								
TOTAL	\$ 51,319.00	1668	650					
Used in Calculations		1631	640	\$ 960.00	\$ 2,200.00	\$ 1,313.64	\$ 353.64	0.368375
Manhattan Core	\$ 82,798.00	1017	553	\$ 1,200.00	\$ 2,300.00	\$ 1,597.00	\$ 397.00	0.331
Upper Manhattan	\$ 27,448.50	614	87	\$ 733.76	\$ 1,210.00	\$ 749.58	\$ 15.82	0.02156
QUEENS								
TOTAL	\$ 45,756.00	992	964	\$ 900.00	\$ 1,000.00	\$ 875.51	\$ (24.49)	-0.02721
Used in Calculations		983	934					
STATEN ISLAND								
TOTAL	\$ 59,500.00	42	191	\$ 806.36	\$ 848.43	\$ 822.58	\$ 16.22	0.020115