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NYC's Rent-Stabilized Housing

Good Policymaking Calls for Nuanced Analysis with Accurate Data

March 26, 2026

The RGB's Impossible Task

1. **Affordability** – provide fair and generally affordable rents for residents to live in habitable apartments.

2. **Financial Sustainability and Fair Returns** – set rents that "reasonably support the reliance and expectation interests of good faith (non-speculative) investors".

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Part I: How the Rent-Stabilized Stock Fits within the Rental Market

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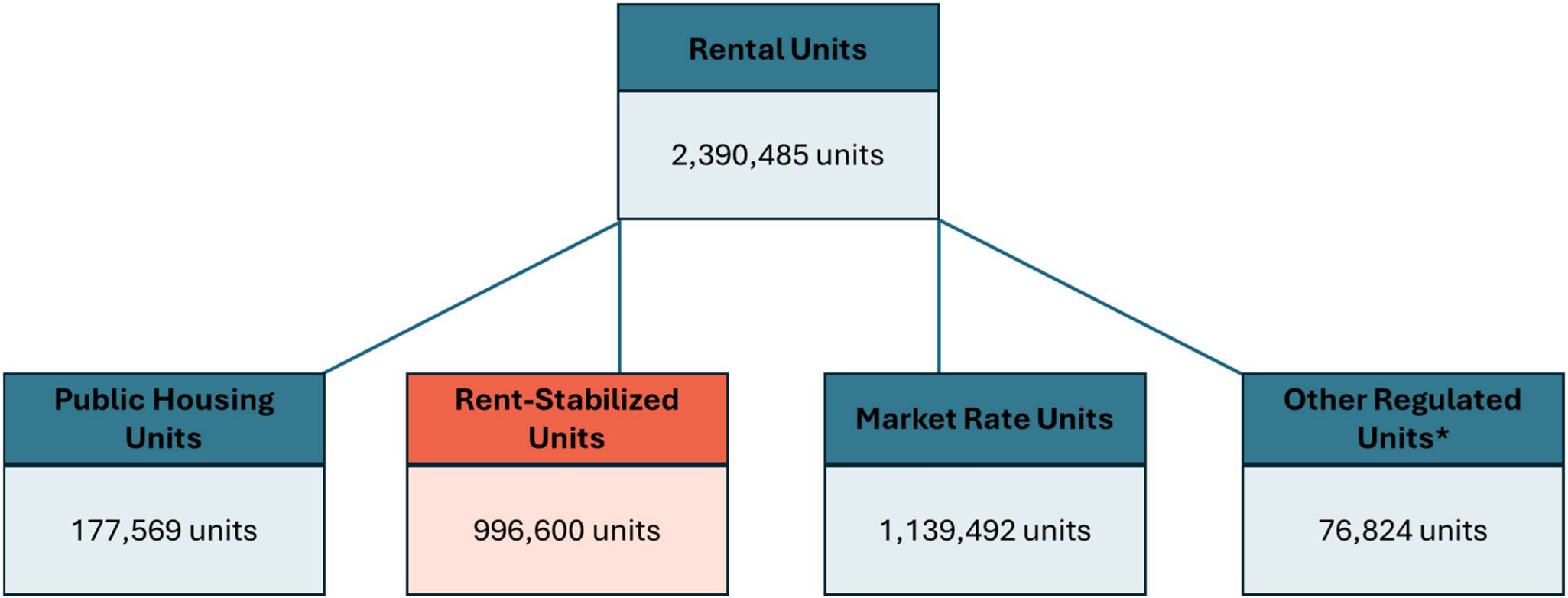
The Rent-Stabilized Stock is a Key Pillar of the Rental Housing Stock



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Diving into the Rent-Stabilized Stock

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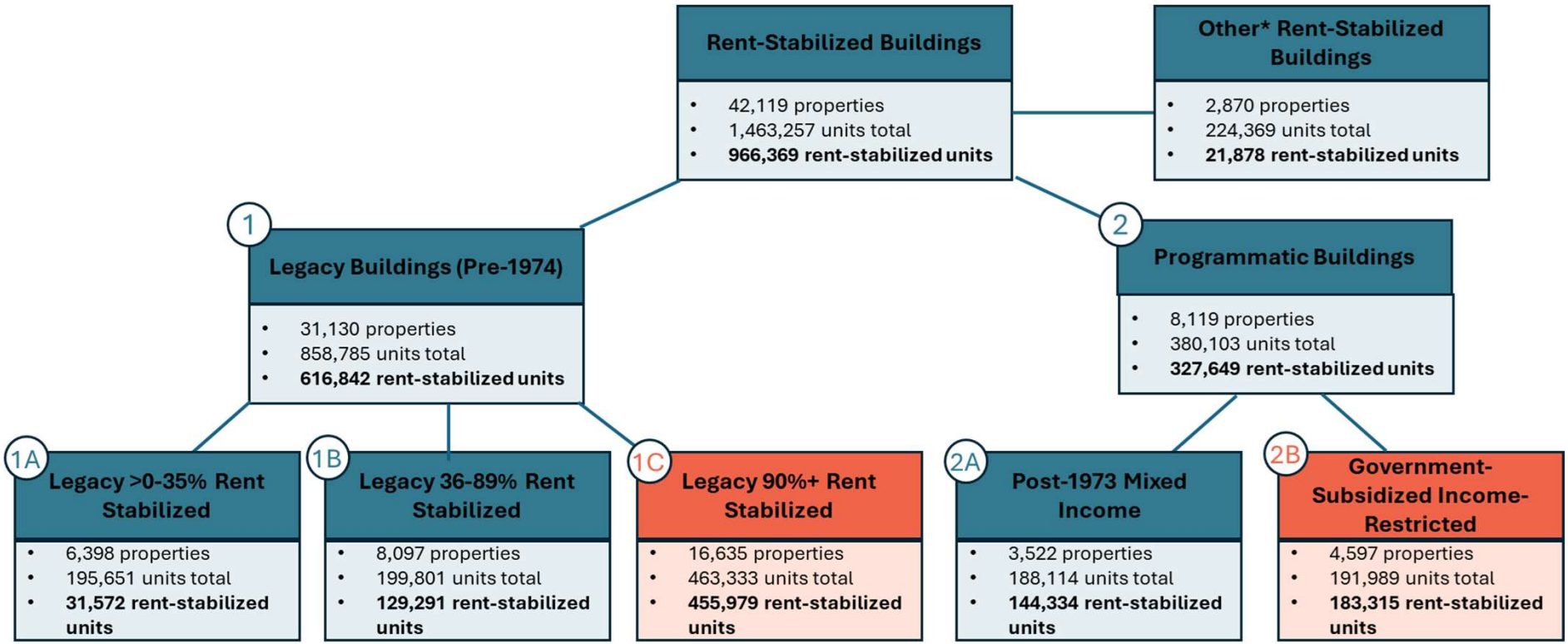
Segmenting the Rent-Stabilized Stock



* "Other Rent Stabilized Properties" includes buildings with rent stabilized units that are coops, condos, NYCHA, Mitchell-Llama, have 6 or fewer units or are post-1973 income restricted housing with no subsidy or tax exemption.

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Diving Deeper into Two Subsegments

1C Legacy 90%+ Rent Stabilized

- 16,635 properties
- 463,333 units total
- **455,979 rent-stabilized units**

2B Government-Subsidized Income-Restricted

- 4,597 properties
- 191,989 units total
- **183,315 rent-stabilized units**

Why Focus Here?

- *These properties derive nearly **all of their income from rent-stabilized apartments**.*
- *They receive little or no income from market-rate units.*
- *They differ in geography, rent levels, physical condition, financial sustainability, and the challenges they face.*

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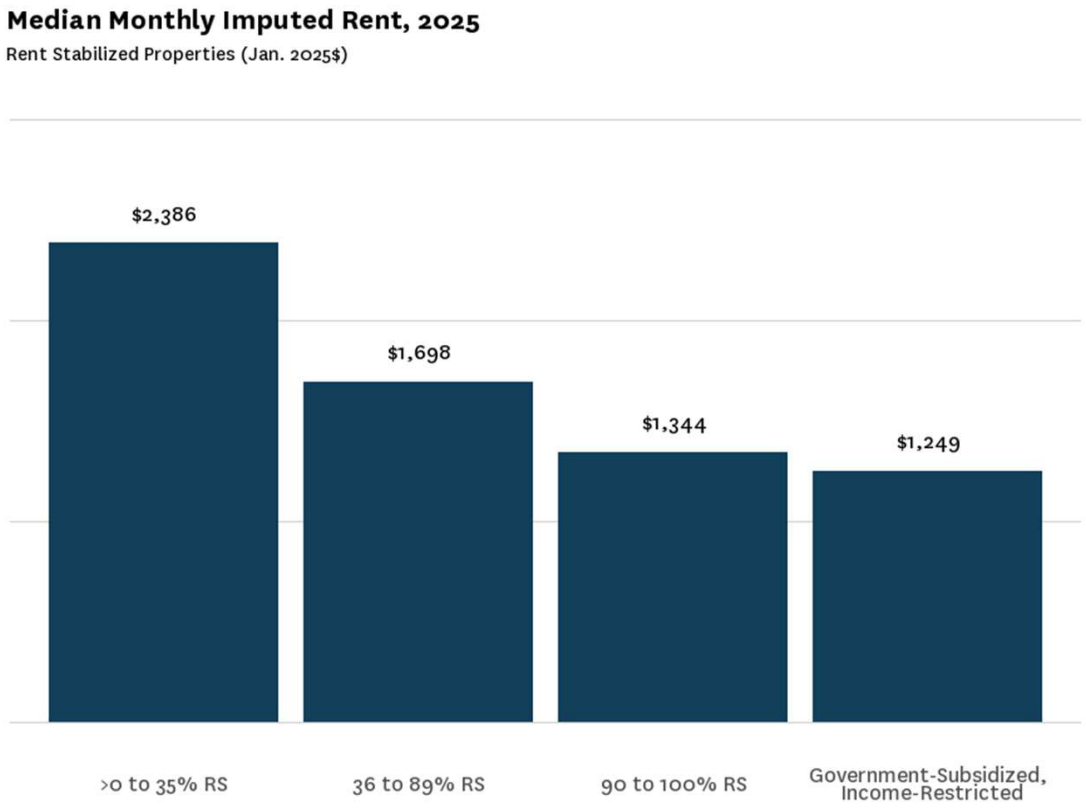
The units in 90%+ rent-stabilized properties and government-subsidized, income-restricted rent-stabilized properties have the lowest rents



Sources: NYC Department of Finance, NYU Furman Center.
Note: We exclude properties with fewer than 6 units, with any commercial space, as well as those reporting income and expenses of $0 in any given year from 2019 to 2025. Yearly figures reflect data collected two years prior that was then trended forward according to DOF standards.

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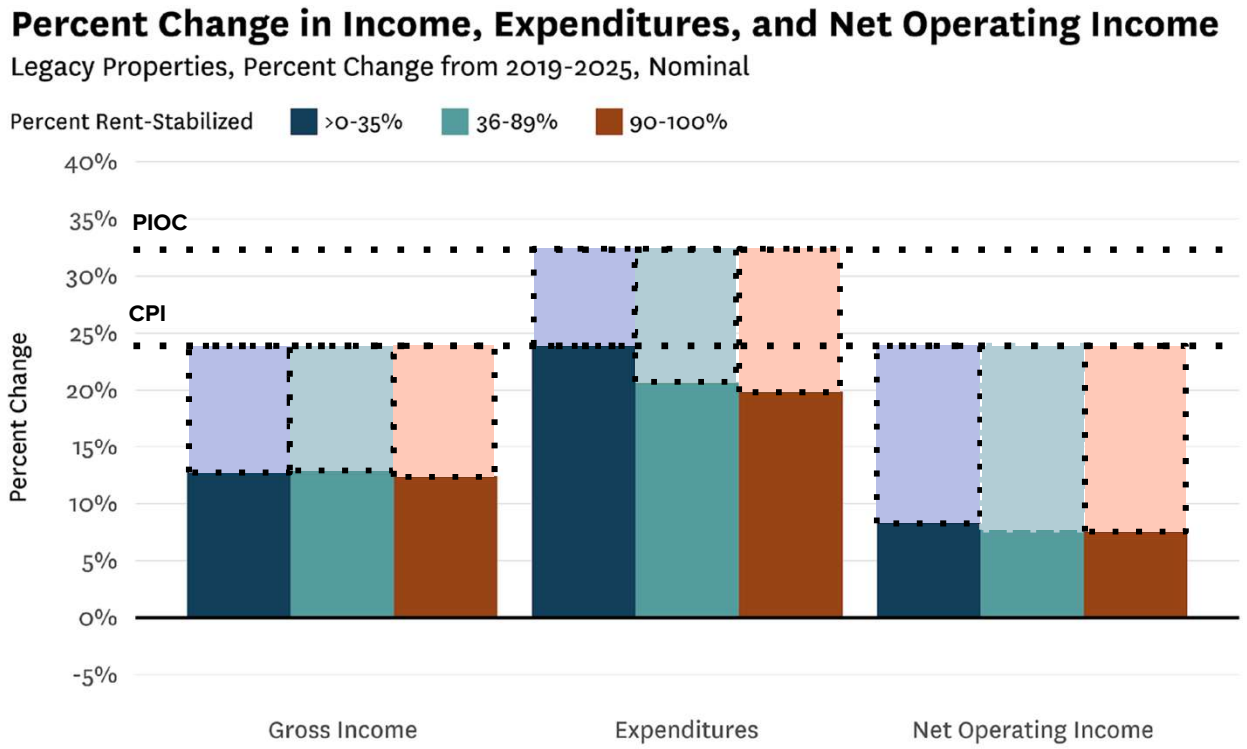
Legacy 90%+ rent-stabilized properties have the least strong financial outlook



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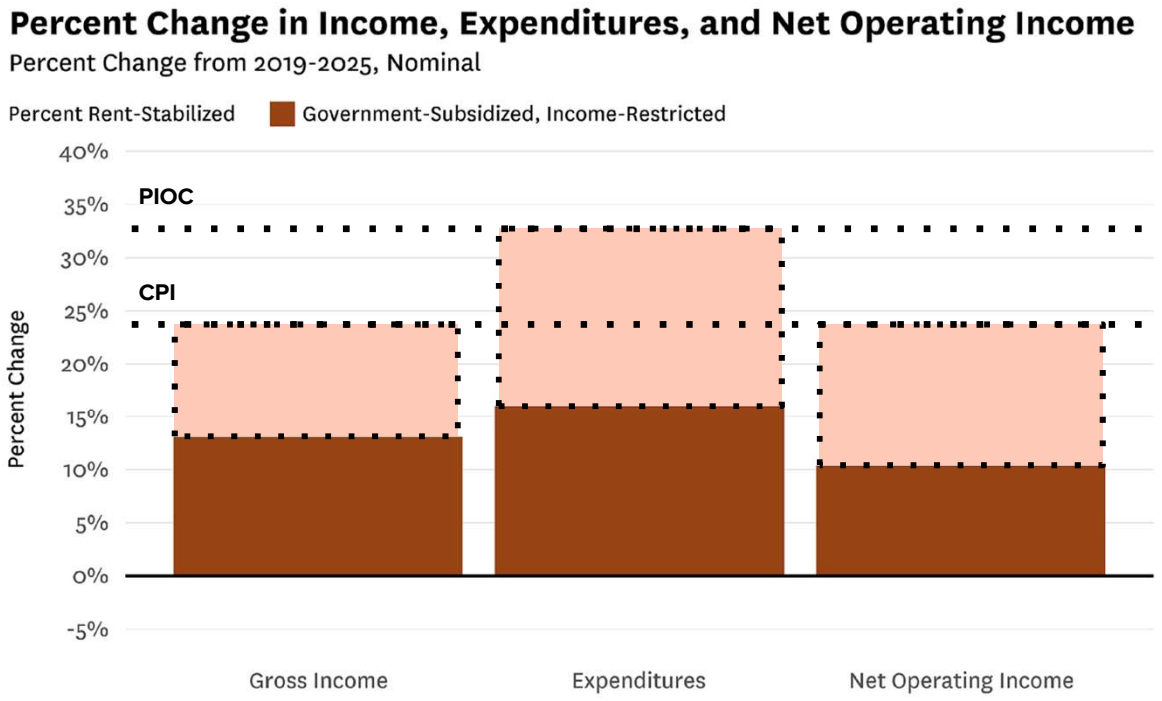
Government-subsidized, income-restricted rent-stabilized properties have seen growth in operating expenditures fall short of inflation



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Part I Finding: Not all subsegments of the rent-stabilized stock look alike

Policymakers need separate analyses for each of the different subsegments to be able to tailor policies that are required to achieve affordability and financial sustainability within each subsegment.

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Part II: Policymaking Also Requires More Accurate Data

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The Need for More Accurate Data

The adjustment made by DOF to the income and expense data filed by owners on their RPIE forms bring into question the validity of analyses that use that data.

DOF Sets Max Expense Ratio Caps

Apartment Buildings with More Than 10 Units

Borough	Regulated	Building Type	Bcats	Percentile	Income	Expense	Max Expense Ratio Cap	Capitalization Rate	Approximate Market Value	Max Vacancy Rate Cap
Outerboros	Regulated	Pre-1973 Elevator	CR32, RR32	Low	$14.22	$9.10	64%	8.57%	$36	3.39%
Outerboros	Regulated	Pre-1973 Elevator	CR32, RR32	Median	$16.85	$10.50	62%	7.96%	$47	3.39%
Manhattan	Regulated	Pre-1973 Elevator	CR32, RR32	Low	$18.10	$11.34	63%	7.75%	$51	5.32%
Outerboros	Regulated	Pre-1973 Elevator	CR32, RR32	High	$20.34	$12.13	60%	7.47%	$63	3.39%
Manhattan	Regulated	Pre-1973 Elevator	CR32, RR32	Median	$22.15	$12.86	58%	7.30%	$72	5.32%
Manhattan	Regulated	Pre-1973 Elevator	CR32, RR32	High	$30.62	$15.75	51%	6.92%	$119	5.32%
Outerboros	Unregulated	Pre-1973 Elevator	CU32, DU32, EU32, RU32	Low	$18.27	$11.17	61%	7.72%	$53	3.35%
Outerboros	Unregulated	Pre-1973 Elevator	CU32, DU32, EU32, RU32	Median	$22.47	$13.09	58%	7.27%	$73	3.35%
Outerboros	Unregulated	Pre-1973 Elevator	CU32, DU32, EU32, RU32	High	$28.82	$15.83	55%	6.96%	$103	3.35%
Manhattan	Unregulated	Pre-1973 Elevator	CU32, DU32, EU32, RU32	Low	$34.61	$17.00	49%	6.86%	$141	6.83%

Income = Gross Income per Sq.Ft.
Expense = Gross Expense per Sq.Ft.
Approximate Market Value is per Sq.Ft.
Effective Tax Rate is 5.626%

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Since 2019 the caps have applied to more buildings, limiting expenses artificially

- Since 2019, more and more of the rent stabilized stock has hit the cap.
- As a result, DOF adjusts by limiting the amount of expenses they will take into account when determining the market value of buildings for property tax purposes
- To see this, we can compare the distribution of expense ratios in 2019 with those six years later in 2025.

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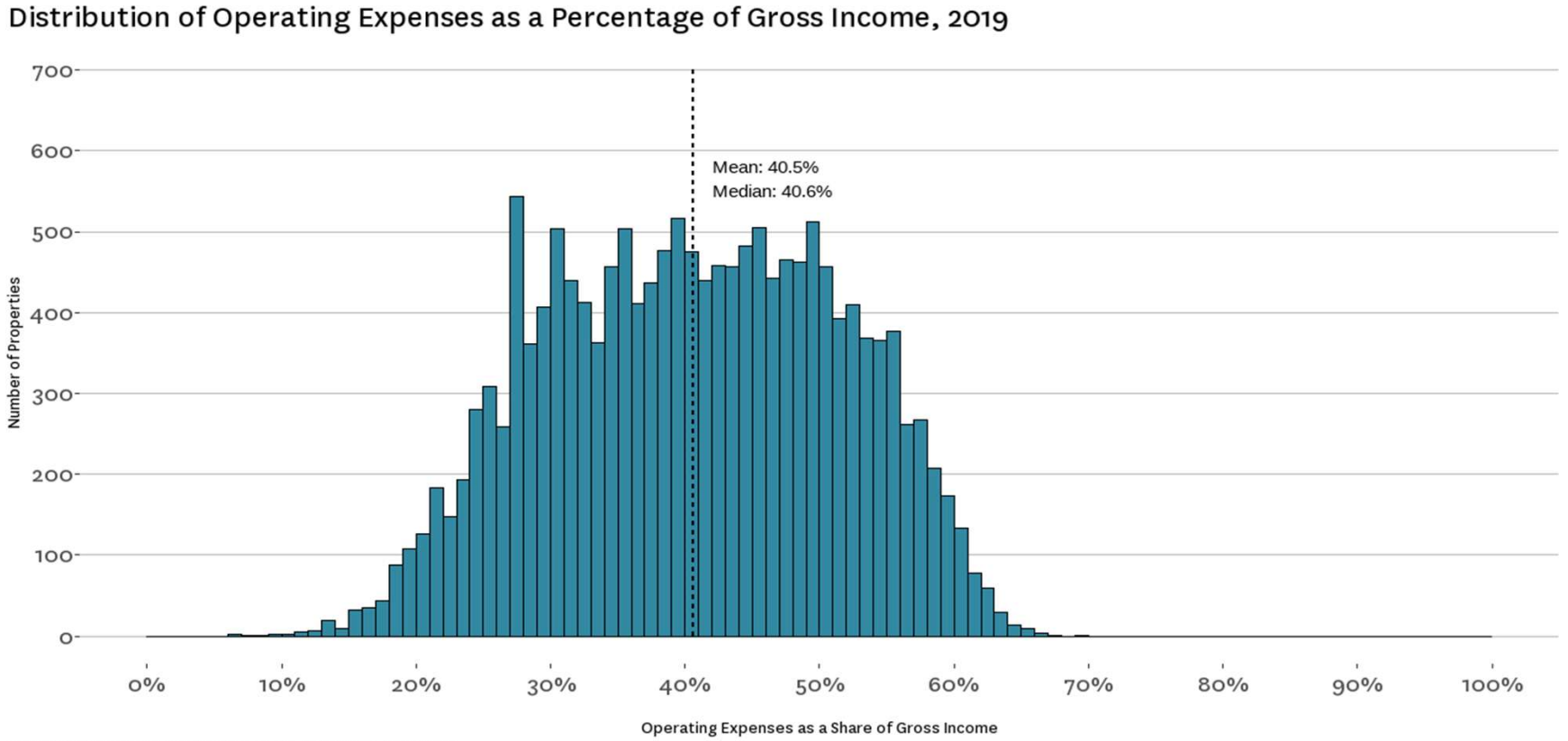
In 2019, the distribution of the expense ratio appears relatively bell-shaped, with a drop off around 65%



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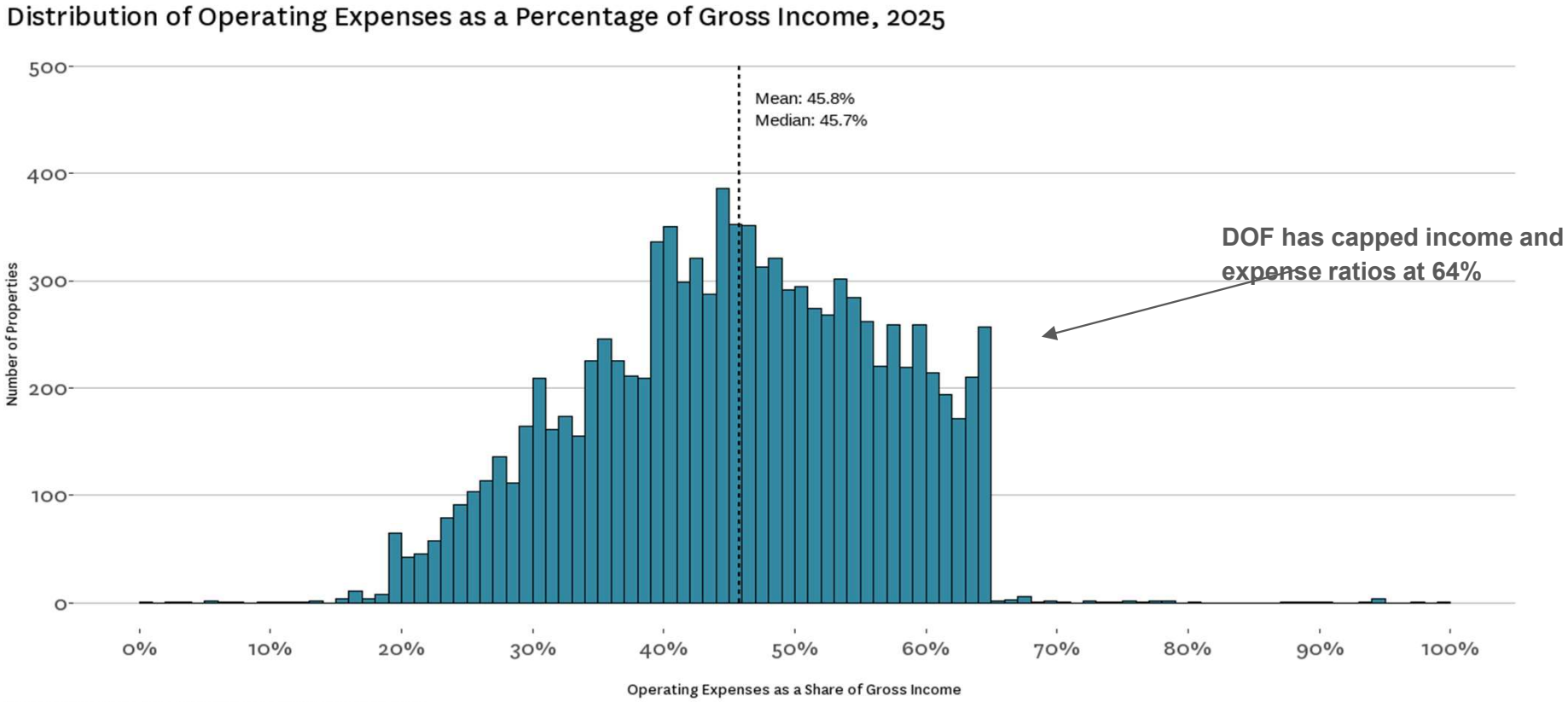
By 2025, the distribution of the expense ratio shows a cliff at 64%



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The DOF caps undermine the validity of using their adjusted numbers for analysis

- Gross Revenue minus expenses, including maintenance and operations, is the equation that gets you your Net Operating Incomes (NOI).
- The higher expenses are as a ratio of gross income, the smaller the share of gross income available for NOI.
- Since NOI is a direct driver of DOF market value, in the city's property tax system NOI translates directly into DOF's estimate of market value.
- Therefore, when the expense ratio has a cap, NOI as a proportion of gross income has a floor, below which it cannot fall.
- As a result, for buildings with actual expenses that exceed the allowed ratio of expenses to gross income, the DOF crams total expenses down to conform to the cap.
- At the same time, DOF's procedures for estimating a building's market value is artificially inflated because NOI (and the property's associated assessed value) is artificially raised.
- It is these cases of suppressed expenses and inflated NOI that DOF makes available to the RGB and which is what you see in the RGB's reports.

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Recommendations

To support good policymaking we need an accurate portrayal of what is happening to the different subsegments of the rent-stabilized stock. Summary statistics on the stock as a whole hides critical differences across subsegments.

To address this, RGB should

- Provide more nuanced data analysis by dividing the rent-stabilized stock into subsegments and analyzing each of them separately (as we have done).
- Consider further breakdowns, such as by rent level or building age, factors which can affect maintenance costs.
- Avoid relying only on adjusted DOF expense data because it increasingly does not accurately reflect the levels and trends over time in expenses and NOI.

Thank You

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Appendix

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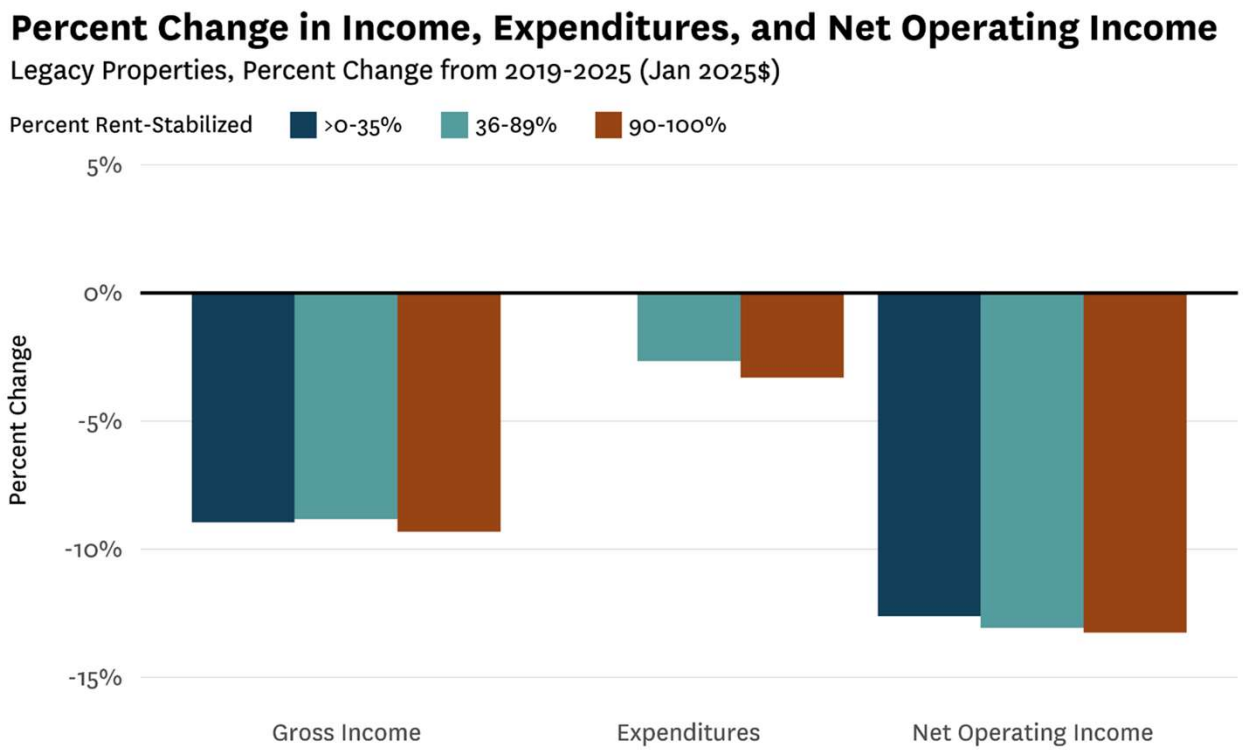
Legacy 90%+ rent-stabilized properties have seen steeper declines in net income



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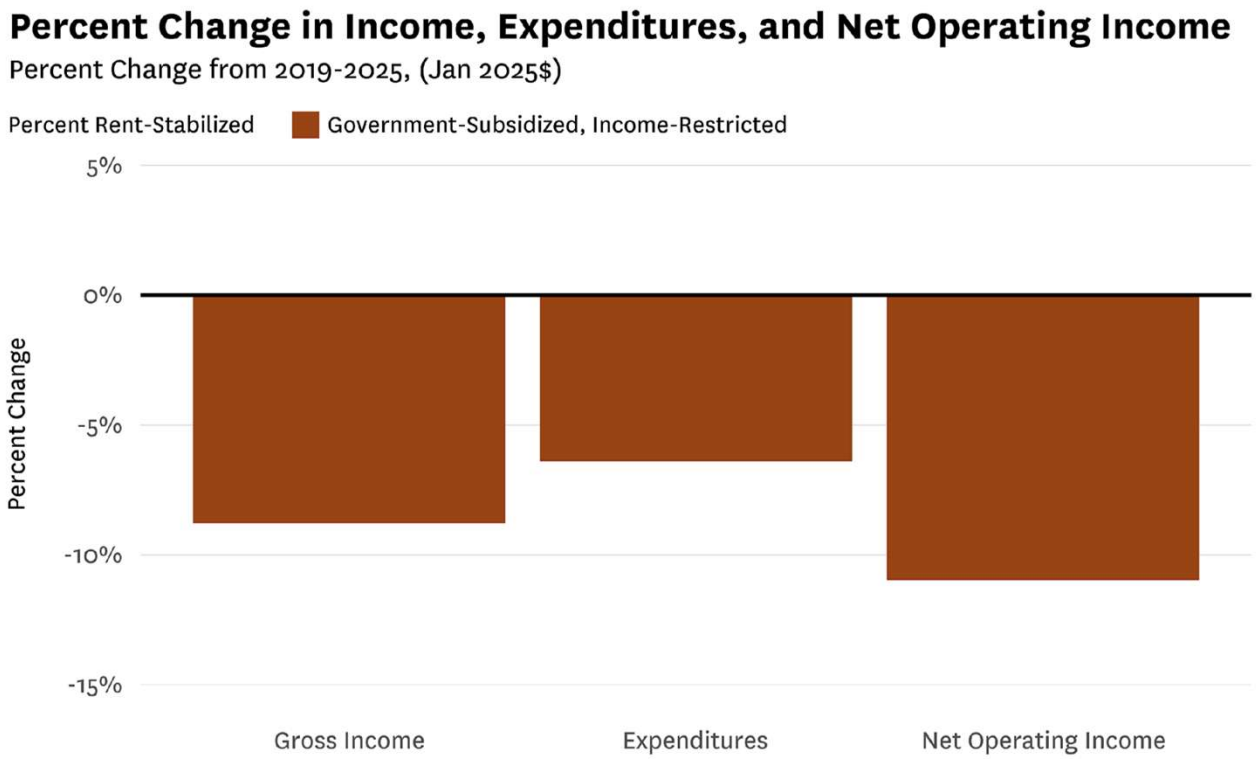
Government-subsidized, income-restricted rent-stabilized properties have seen declines in net Income.



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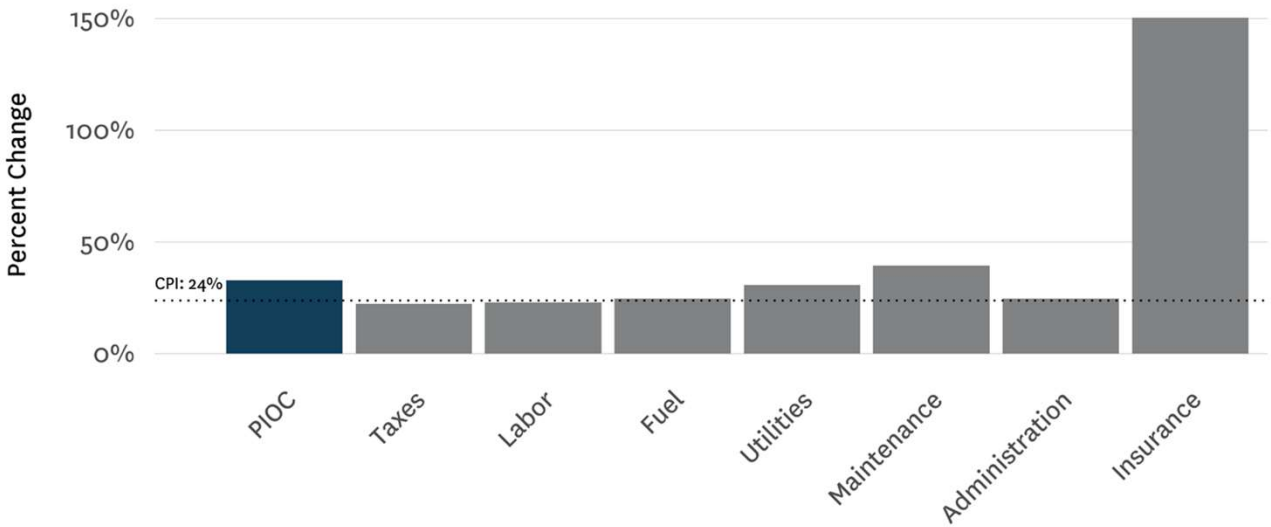
Legacy properties are facing increases in operating costs.

Percent Change in the Price Index of Operating Costs (PIOC), Component Costs, and Consumer Price Index (2019-2025)



Sources: Rent Guidelines Board Price Index of Operating Costs Reports 2020-2025; U.S. Bureau of Labor Statistics CPI-U for New York-Newark-Jersey City, NY-NJ-PA, 2019-2025; NYU Furman Center.

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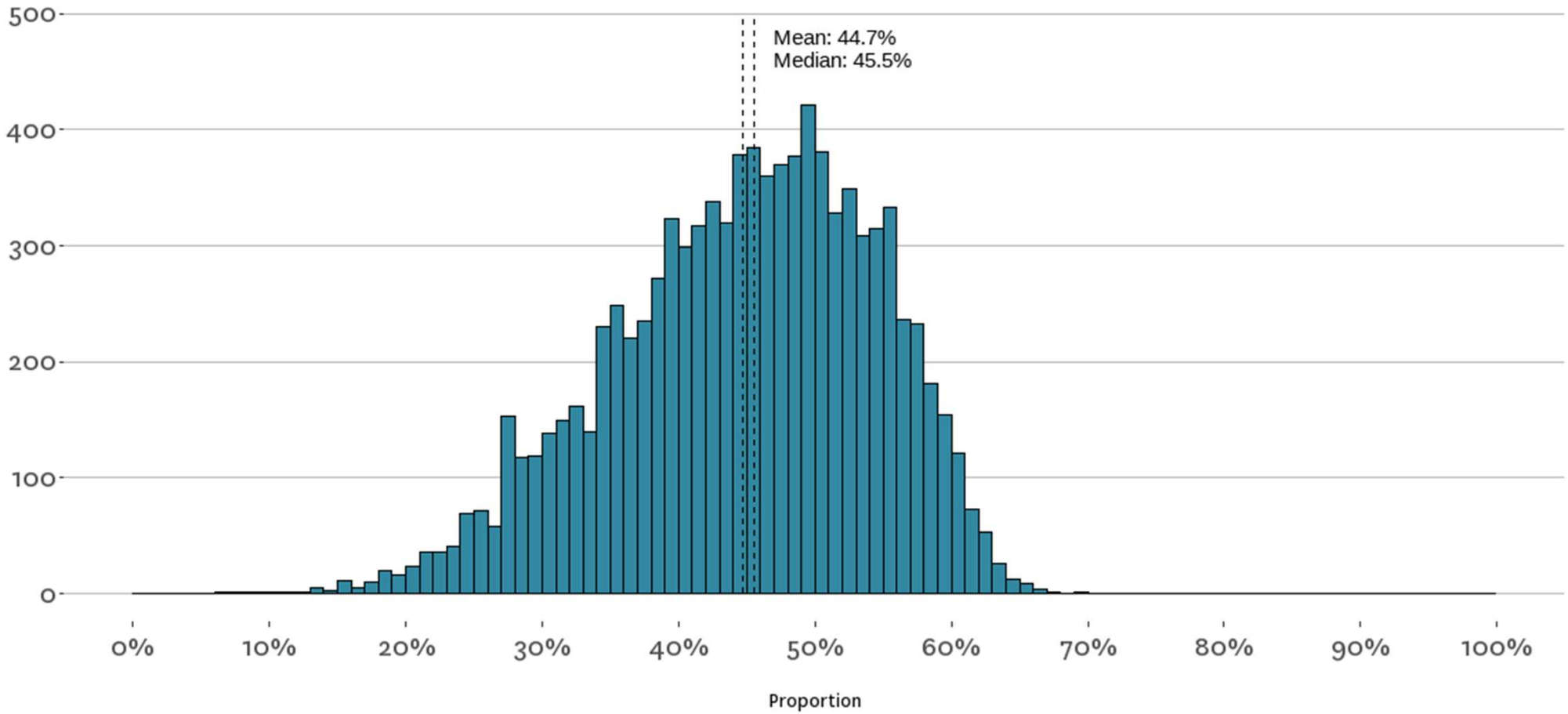
Distribution of Property Expenses as a Percentage of Gross Income for Highly Rent-Stabilized Buildings (76% - 100%), 2019



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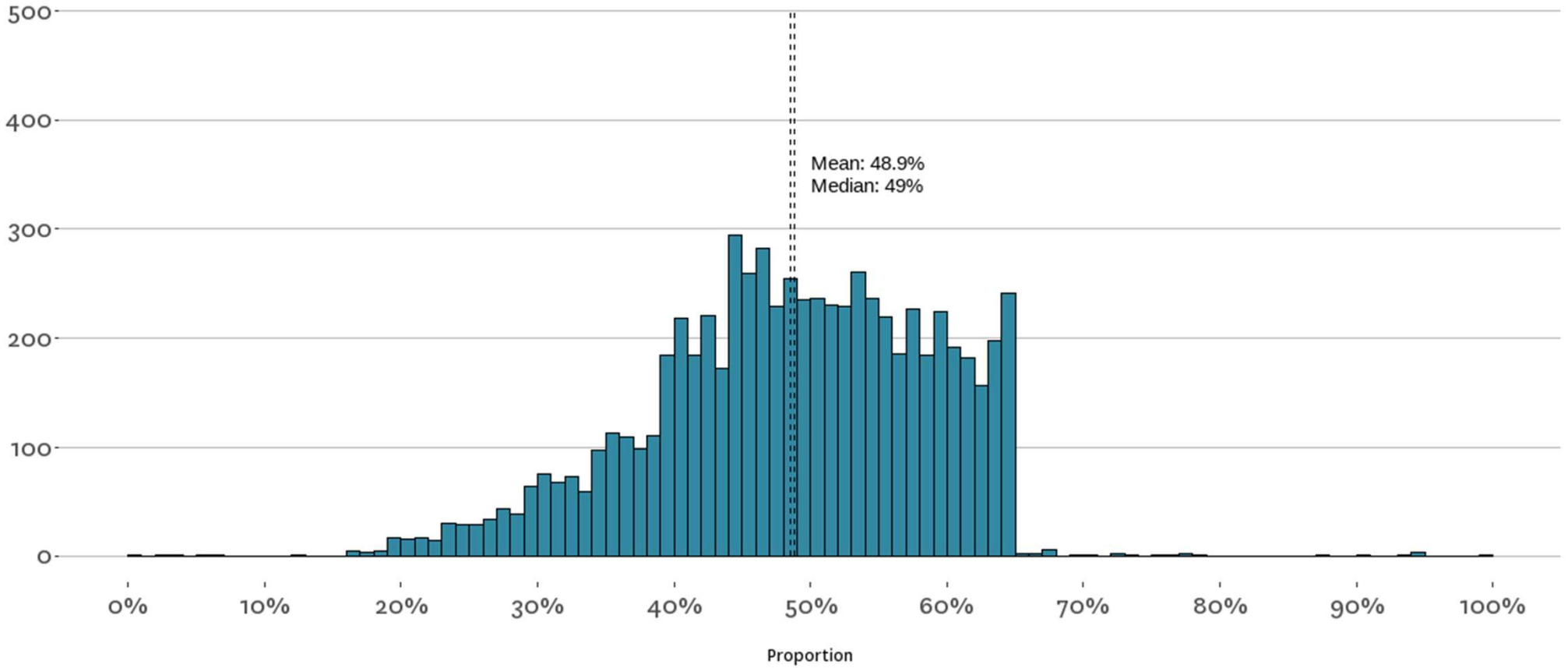
Distribution of Property Expenses as a Percentage of Gross Income for Highly Rent-Stabilized Buildings (76% - 100%), 2025



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