Testimony of the New York City Department of Housing Preservation and Development to the New York City Rent Guidelines Board (RGB)

March 28, 2024

Good morning, I am Elyzabeth Gaumer, Chief Research Officer at the New York City Department of Housing Preservation and Development (HPD). Thank you for the opportunity to speak with you today. I am joined by Lucy Joffe, Associate Commissioner for Housing Policy.

All of the data presented today as well as those in our report come from data collected as part of the New York City Housing and Vacancy Survey (NYCHVS). The 2023 survey is the 19th time the City of New York has conducted the NYCHVS, which is completed about every three years going back to 1965. It is the longest running housing survey in the country and is a unique source of timely and accurate data on various aspects of our city's housing and resident population that is relied on by a wide range of decision-makers across various policy domains.

Today, I'll share some of the key findings from our citywide assessment of the housing supply, its condition, and the continuing need for the regulation of residential rents and evictions. I will also provide some additional information that is specific to the rent stabilized stock.

SLIDE 1

The NYCHVS is a scientific survey distinct from much of the other available data. It represents every residential housing unit in the five boroughs. Our sample is randomly drawn from a complete list of all residential addresses in the city to ensure our survey is inclusive of every type of housing in every community.

At the heart of our data are the interviews completed each cycle with thousands of New Yorkers—in 2023, we completed about 10,000 interviews. These interviews are conducted by trained Census Field Representatives in multiple languages using a set of questions that are designed to collect accurate and complete information in a neutral way. Our Census field team conducts in-person observations of each sampled unit. Interview data are combined with other information from administrative sources, such as Homes and Community Renewal's rent registration data, code enforcement data, tax information from the NYC Department of Finance, HPD's housing production, and more—all of which is matched to sampled units to provide a comprehensive picture of housing in New York City. Our data are weighted by survey statisticians to ensure the NYCHVS represents all of the 3.7 million housing units and the more than 8 million residents who call New York City home.

The NYCHVS survey methodology follows best practices used by academic and scientific studies across the country and enables us to report reliable and valid information to all of you and to the New Yorkers represented in our data.

The 2023 NYCHVS was conducted from January through the middle of June in 2023. Although the NYCHVS is the most up-to-date, representative information we currently have available, it is important to note that it reflects this point in time.

SLIDE 2

Although the NYCHVS includes all types of housing, it is also uniquely able to speak to the rent stabilized stock and tenant population. It is the only source of information on the socio-demographics of rent stabilized tenants and the only data source that can speak to the entire supply of units subject to rent stabilization. This includes all of the units registered with HCR as well as additional units not captured in their database; it includes all buildings with rent stabilized units, regardless of the types of owners or the size.

SLIDE 3

The citywide net rental vacancy rate in 2023 was 1.41%. That is one of the lowest vacancy rates recorded since the NYCHVS began and stands in stark contrast to the 4.54% net rental vacancy rate reported for 2021, which was one of the highest vacancy rates on record.

For rent stabilized units, the net rental vacancy rate was 0.98% in 2023, down from 4.57% in 2021.

SLIDE 4

There was very limited supply across all price ranges, but of those that were available most would not be affordable to the typical New Yorker. In 2023, the median household income for all renters was $70,000. The median asking rent for units available for rent in 2023 was $3,000. A family would have to earn at least $120,000 to afford that. For rent stabilized units, the median asking rent was $2,500—the same as in 2021. That would require a family to earn at least $100,000.

To understand what is driving these low vacancy rates, I’d like to walk through the components of our housing supply with a specific focus on how it changed by comparing the point-in-time estimates from 2021 and 2023 or the net change between the two surveys.

SLIDE 5

In 2023, there were 3.7 million housing units. This is the largest stock recorded since the NYCHVS began in 1965. That is a net increase of 61,000 housing units or about a 2% increase relative to 2021, which is the sum of both losses and gains. This growth in the housing supply continues the trend seen over the last several NYCHVS cycles.

SLIDE 6

Despite this increase in supply, it failed to keep pace with increased demand. Between 2021 and 2023, the total number of occupied units increased by 275,000 (or 9 percent) relative to just two years prior. This increase in households was seen for both renter- and owner-occupied units.

SLIDE 7

This tight housing market meant that more units of every kind were occupied in 2023, including far fewer units available for rent and far fewer units that were off-the-market.

SLIDE 8

Let’s look at the changes in a different way. Here, we are looking at the units that were in both the 2021 and 2023 surveys to assess what happened to them over the last two years.

Across all types of rental housing, 95% of the units that were occupied in 2021 were occupied in 2023, though not always by the same household. 83% of the units that were available for rent were occupied at our follow-up—as a reminder, most of the units that were for rent in 2021 were higher-cost units; and 62% of units that had been off the market in 2021 were occupied in 2023.

Among rent stabilized units that had been off the market for any reason, 75% were occupied two years later.

SLIDE 9

The NYCHVS measured housing conditions through self-report of the current occupants regarding housing problems. In 2021, 14 percent of occupied units reported three or more of the seven types of problems we asked about. The prevalence of housing problems increased again in 2023 to 15%, up 1 percentage point from 2021.

SLIDE 10

Despite the difference in composition, both rent stabilized and market rentals showed similar net changes in the rate of reported problems. Between 2021 and 2023, the share of rent stabilized units that reported no problems fell by 8.2 percentage points while the share of market rentals with no problems fell by 7.6 percentage points.

SLIDE 11

When we examine the changes in housing conditions over many years, we see that rent stabilized units and market rentals generally trend together. Here, we're looking at the change in the share of units with three or more reported problems indexed to the prevalence in 2002.

SLIDE 12

Rent stabilization covers about 1 million units in New York City and comprises units across a range of rents, conditions, and resident needs. In 2023, rent stabilization covered both low-income and higher-income tenants, as well as both long-term tenants and new residents.

Over time, it has become even more varied as a result of affordable housing and tax incentive programs, as well as higher-rent units that would have been eligible for decontrol but now remain subject to rent stabilization.

SLIDE 13

Household incomes shifted substantially upward between 2021 and 2023, with increases in the median incomes of both renters and owners. The median income of rent stabilized tenants increased less sharply than that of market renters.

SLIDE 14

However, both rent stabilized and market rentals saw a net loss of the lowest-income households. This pattern—of an increasing number of higher-income renters and fewer low-income renters—cannot be explained by wage growth alone. Our NYCHVS analysis shows that households who are moving in are earning more than those who are moving out and that the majority of the newest New Yorkers are earning over $100,000. This is not surprising, given the cost of available homes in New York City.

SLIDE 15

Rent stabilization covers a wide range of rents. But this segment of our housing supply remains the largest source of low-cost housing in New York City.

SLIDE 16

Citywide, rents increased by 9% in nominal terms since 2021, generally in-line with our historically high rates of inflation during this period.

Rent stabilized units increased by 7% in nominal terms with a median rent below citywide--$1,500 in 2023. In contrast, market rentals increased by 10% in nominal terms, with a median rent of $2,000.

SLIDE 17

The number of low-cost rent stabilized units has declined over time. Historic levels of affordable housing production have not been able to keep pace with the net loss.

SLIDE 18

Since 1993, New York City has experienced a net loss of over 600,000 units with rents less than $1,500 (in inflation-adjusted dollars). This includes about 350,000 older rent-stabilized units. There is insufficient supply of all types of housing, at every price level, in every neighborhood, but the lack of supply among the lowest cost units is of particular concern.

SLIDE 19

Citywide, the 2023 NYCHVS showed stark changes in the two years since our last survey. The citywide net rental vacancy rate was historically low at 1.41%. There was very limited supply across all price ranges, but of those that were available most would not be affordable to the typical New Yorker. While the overall supply continued to increase, it was insufficient to keep pace with the large net increase in the number of households. The prevalence of housing problems increased across all types of housing back to levels similar to what we found in the 2011 survey. Citywide, rents increased at a pace similar to our historically high inflation during this period—up 9% in nominal terms.

Perhaps the most dramatic shift was in household incomes. New York City continues to see a diverging experience where low- and middle-income New Yorkers face limited housing choice while New Yorkers with more purchasing power continue to grow in numbers.

SLIDE 20

Many of the challenges that we see citywide are reflected in the rent stabilized stock and tenant population. These include historically low net rental vacancy rates, limited availability of rental housing at all price levels, but particularly lower-cost housing, and high rates of occupancy including in homes that had been off-the-market in 2021. We also saw a dramatic increase in more affluent households and a corresponding net loss of low-income renters; although more muted, these same patterns are playing out in rent stabilized housing as well.

As you know, rent stabilization comprises a wide range of units and tenants across a spectrum of rents, conditions, and tenant incomes. Despite this large and diverse segment of our housing supply, rent stabilization remains the largest supply of low-cost housing in New York City and a vital source of stability for low-income renters.

We are currently working to publish the 2023 NYCHVS microdata; until that is publicly available, we are subject to the Census Bureau disclosure review process. We're happy to work with you and the RGB staff if you have additional data requests or questions that can't be answered today.

We thank you for the work you do.

Department of Housing Preservation & Development

NYCHVS
New York City Housing and Vacancy Survey

RENT GUIDELINES BOARD

March 28, 2024

Elyzabeth Gaumer, PhD
Chief Research Officer
Department of Housing Preservation and Development

All housing types, each neighborhood, every New Yorker.

- Units of all kinds systematically selected at random to ensure coverage of all housing types; every unit in the city has a chance of being selected
- The 2023 NYCHVS included a larger sample than 2021, adding ~3,000 rent stabilized units of all building sizes, ages, and rent levels
- Interview data from sampled units weighted based on inverse probability of selection and known counts of housing units of various kinds to ensure representativeness
- Standardized training of field interviewers; quality assurance by independent team, including re-interviews to ensure integrity
- Additional administrative data from various sources to increase types of information and ensure validity of the data; in-person observations of every unit

Coverage for Rent Stabilized Units in NYC:

- Includes *every* unit registered as rent stabilized with New York State Homes and Community Renewal (HCR)
- Identifies units subject to rent stabilization rather than only those registered with HCR
- Systematic scientific sample rather than a convenience sample of member owners or those with relationships to study sponsors
- All building sizes and typologies, not only those subject to RPIE filings or other administrative data sources
- Large oversample of rent stabilized units in 2023: 40% of sample is rent stabilized compared (rent stabilization is ~25% of all housing units)

NET RENTAL VACANCY RATE

The citywide net rental vacancy rate in 2023 was 1.41 percent. That's across all prices, all types of rentals, and every neighborhood.

For rent stabilized units, the net rental vacancy rate in 2023 was 0.98 percent.

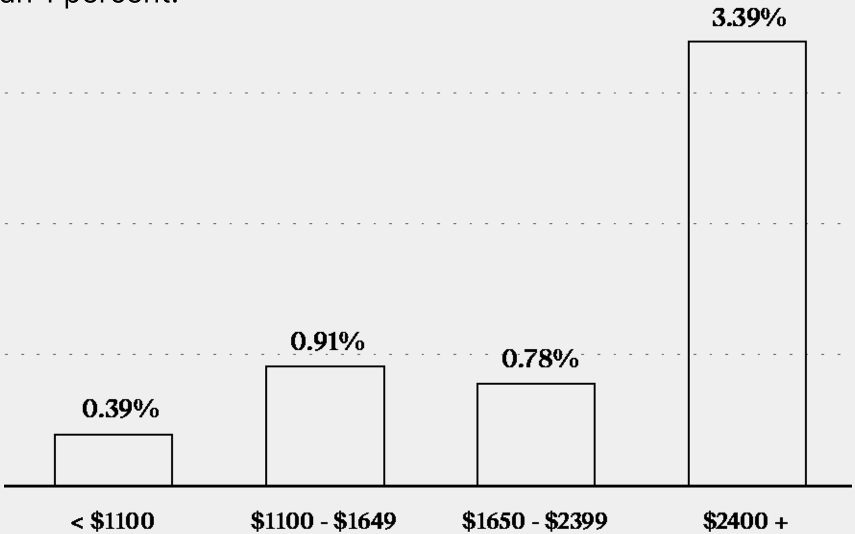
$$\frac{\text{AVAILABLE FOR RENT}}{\text{AVAILABLE FOR RENT + OCCUPIED RENTAL}} = \mathbf{1.41\%} \text{ IN 2023}$$

The net rental vacancy rate measures the share of rental units that someone could move into at the time of the survey.

The 2023 NYCHVS net rental vacancy rate uses the same methodology as the 2021 survey.

04 NET RENTAL VACANCY RATE, BY RENT

In 2023, the citywide net rental vacancy rate for units with rents less than $2,400 was less than 1 percent.

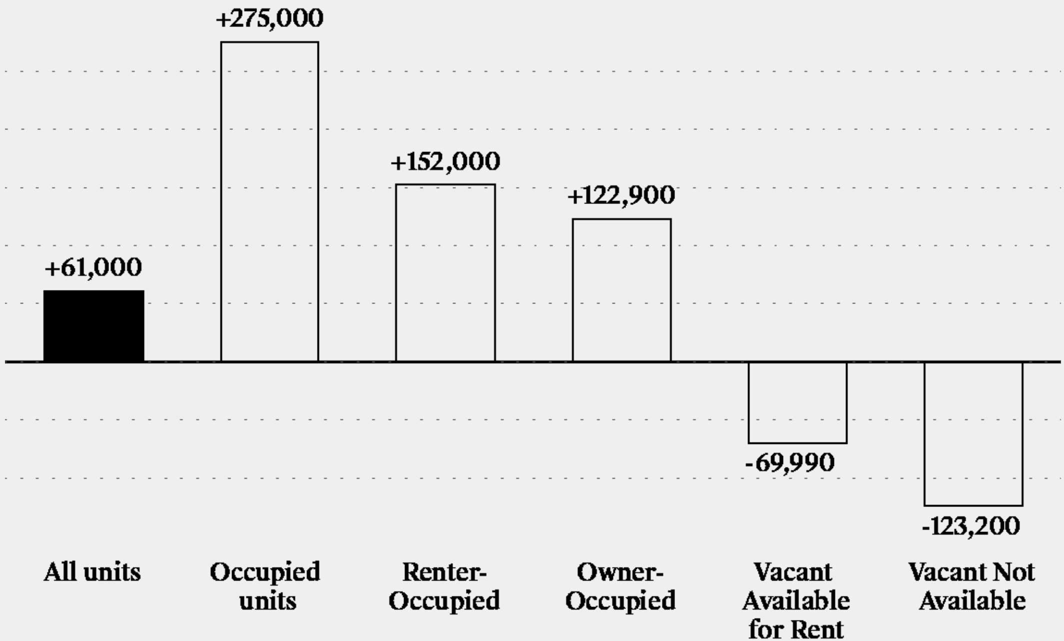


The median asking rent of available rentals (across all types of housing) was $3,000. To afford that, a family would have to earn at least $125,000.

For rent stabilized units, the median asking rent was $2,500. To afford that, a family would have to earn at least $100,000.

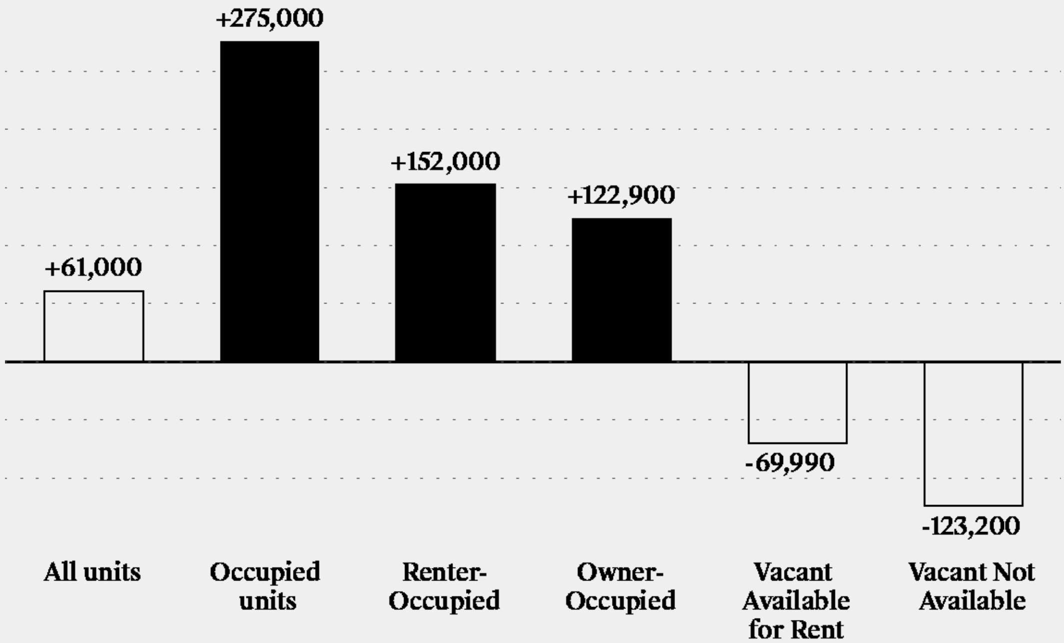
05 NET CHANGE IN NYC'S HOUSING STOCK: 2021 - 2023

Between 2021 and 2023, there was a net increase in the overall supply of housing by about 61,000 units or 2%.



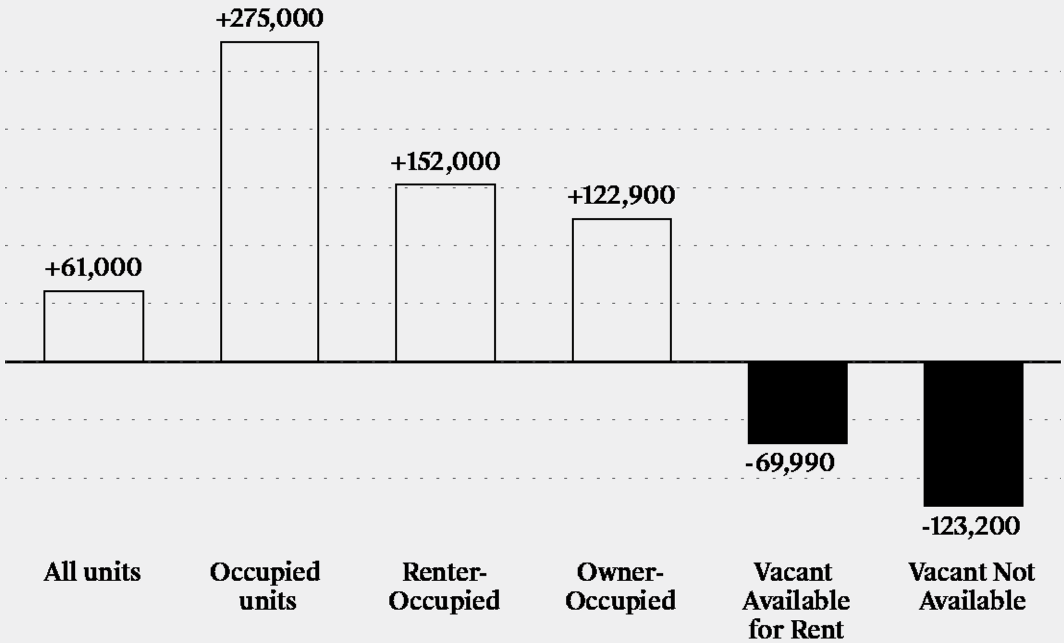
06 NET CHANGE IN NYC'S HOUSING STOCK: 2021 - 2023

There was a net increase of 275,000 occupied units—up 9% relative to 2021. This included large net increases for both renter- and owner-occupied units.



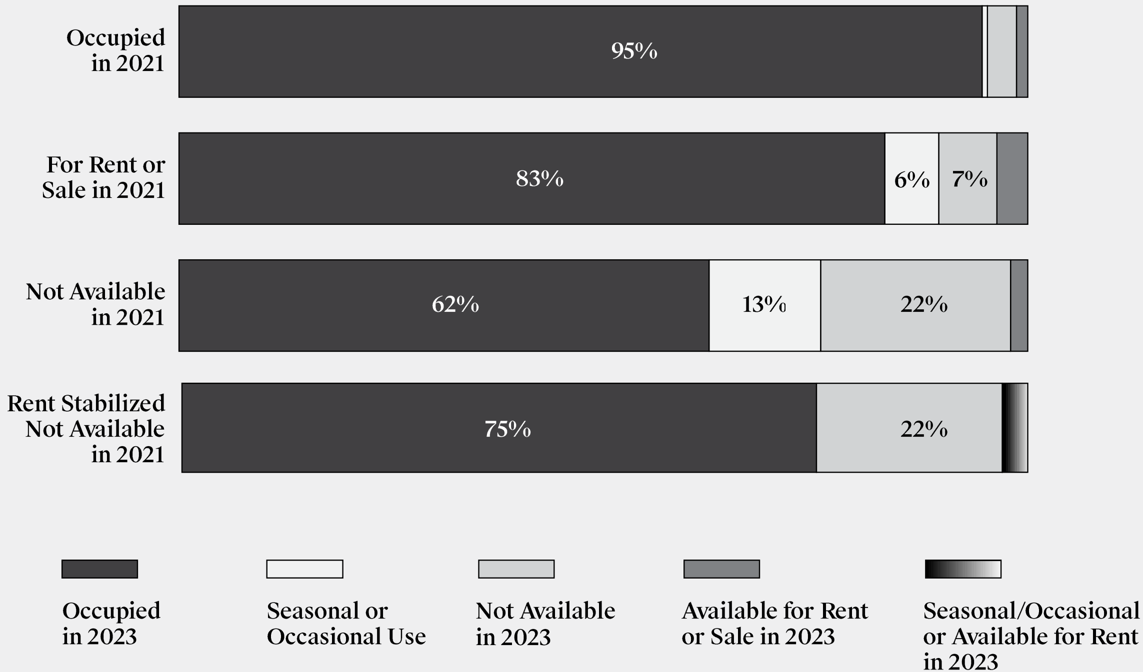
07 NET CHANGE IN NYC’S HOUSING STOCK: 2021 - 2023

More occupied housing units meant that there were fewer units available for rent and fewer units that were off-the-market in 2023.



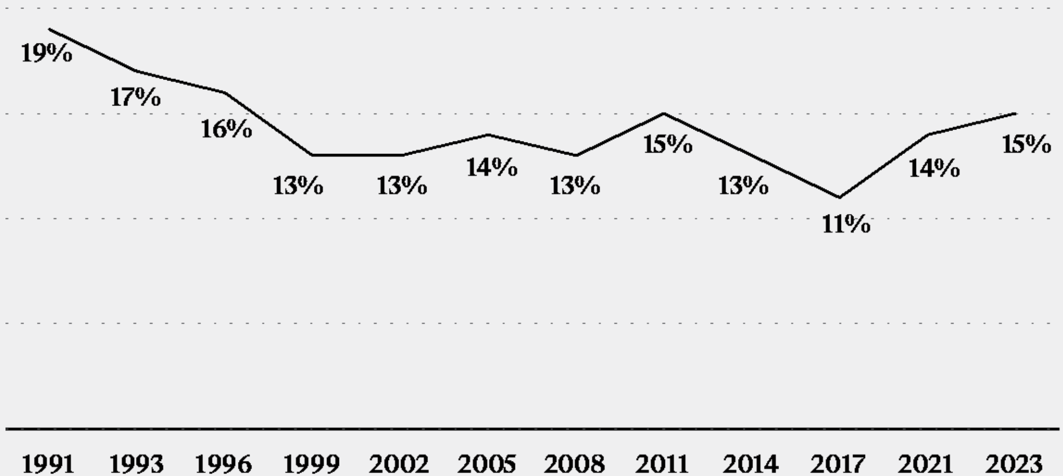
CHANGES IN OCCUPANCY STATUS

Occupancy rates increased across the board, including in rent stabilized units. In 2021, there were 42,860 units that were not available. In 2023, 75% of these were occupied.



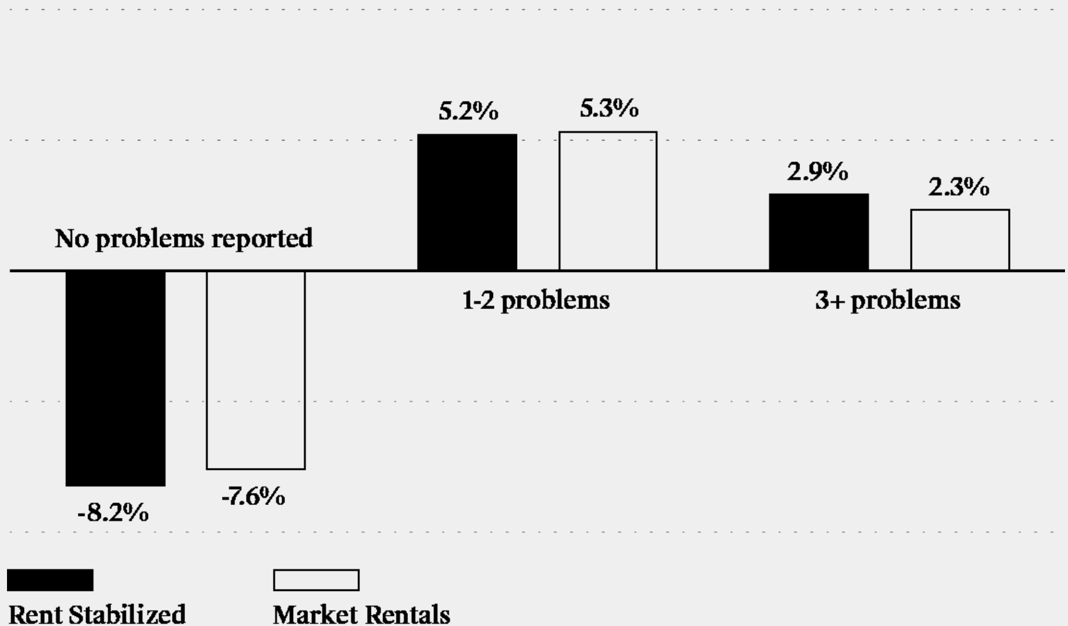
HOUSING CONDITIONS: 1991 – 2023

In 2023, the share of units that reported three or more housing problems increased across all housing types except public housing (which remained the same as in 2021).



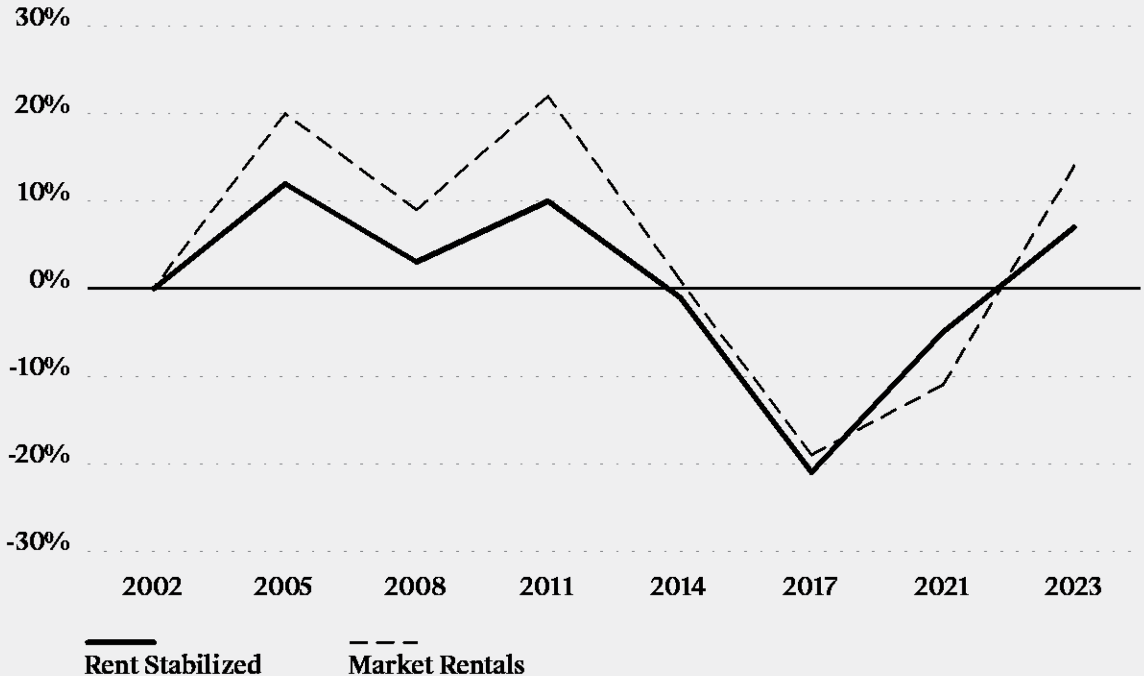
NET CHANGE IN HOUSING CONDITIONS: RENT STABILIZED AND MARKET RENTALS

Rent stabilized and market rentals saw similar changes in the rate of reported housing problems between 2021 and 2023.



HOUSING CONDITIONS INDEXED TO 2002: RENT STABILIZED AND MARKET RENTALS

For the last 20 years, rent stabilized units and market rentals have generally trended together.



Rent stabilization covers an increasingly wide range units and tenants.

Over time, it has become even more varied as a result of affordable housing and tax incentive programs, as well as higher-rent units that would have been eligible for decontrol but now remain subject to rent stabilization.

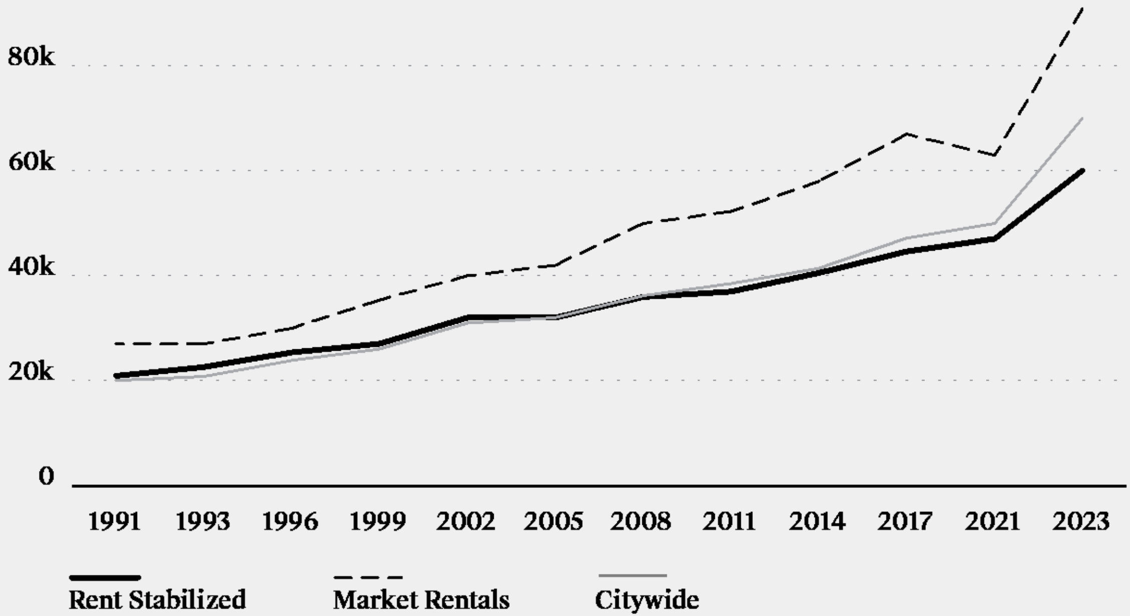
- In 2023, the typical rent stabilized tenant had lived in their home for 8 years, but 10% moved in the last year and 22% moved in the last two years.

- In 2023, the median rent of rent stabilized units was $1,500, but 40% are above the citywide median and 10% are in the top quartile of $2,400 or more.

- In 2023, the median income was $60,000 but that included 30% of tenants who earned $100,000 or more and 45% who earned less than $50,000.

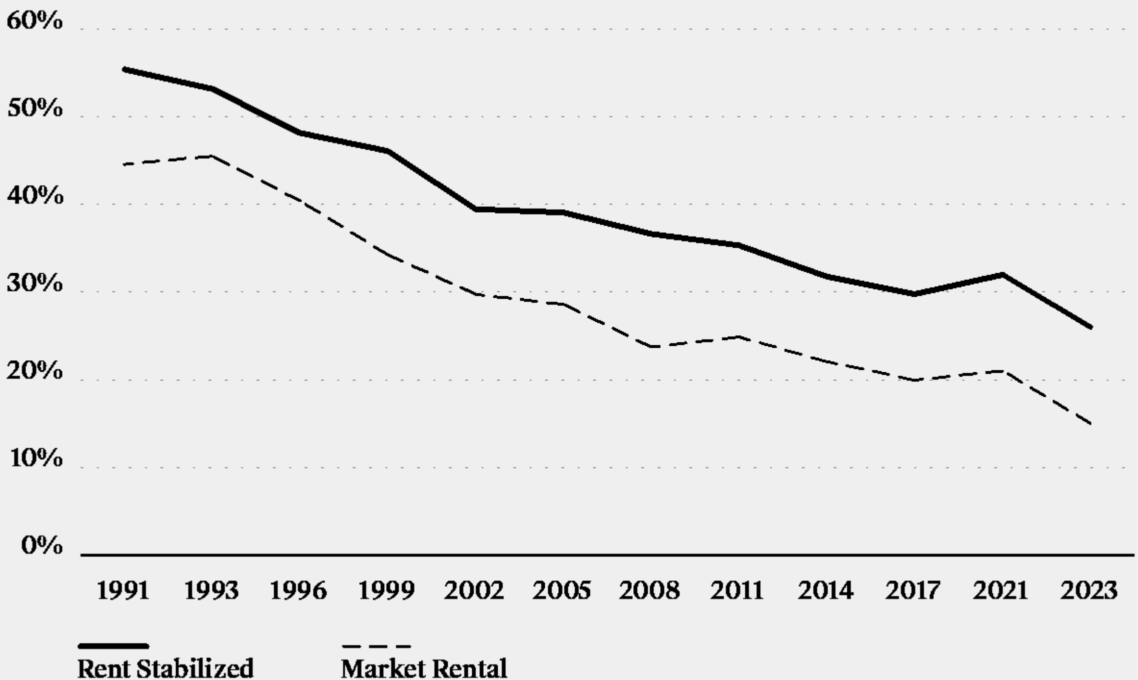
MEDIAN INCOMES (1991-2023) - NOMINAL

The median household income increased dramatically between 2021 and 2023 across all types of housing, even after accounting for differences during the pandemic.



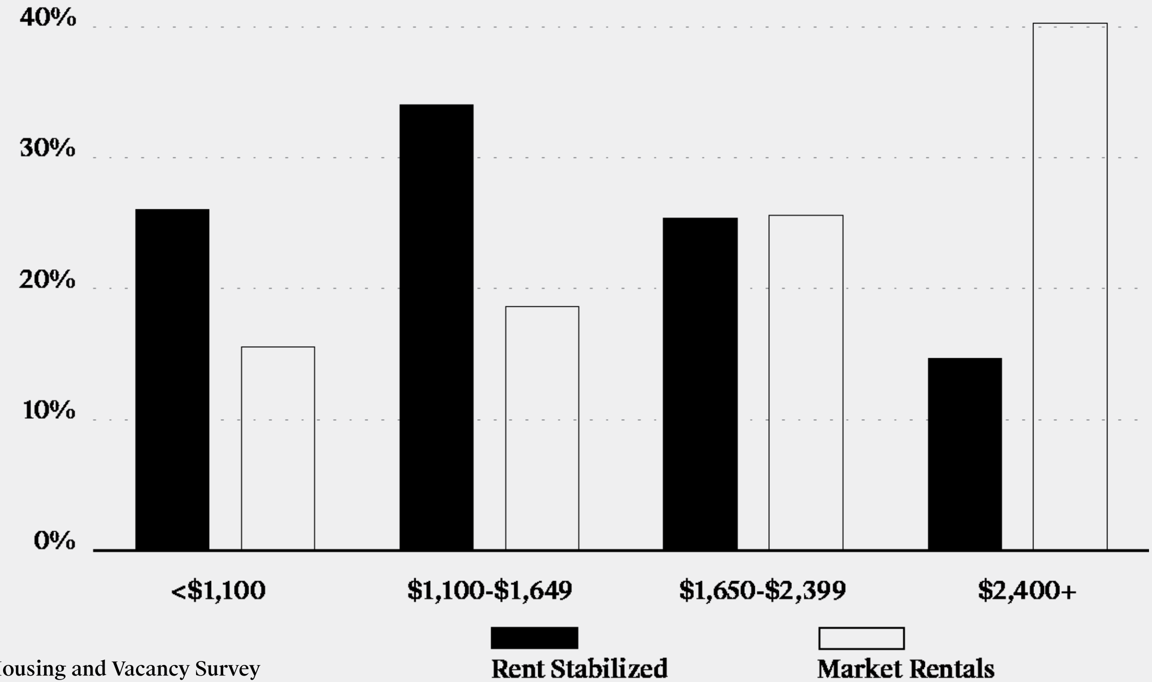
NET LOSS OF LOW-INCOME TENANTS (1991-2023)

New York City continued to see a net loss of the lowest-income renters.



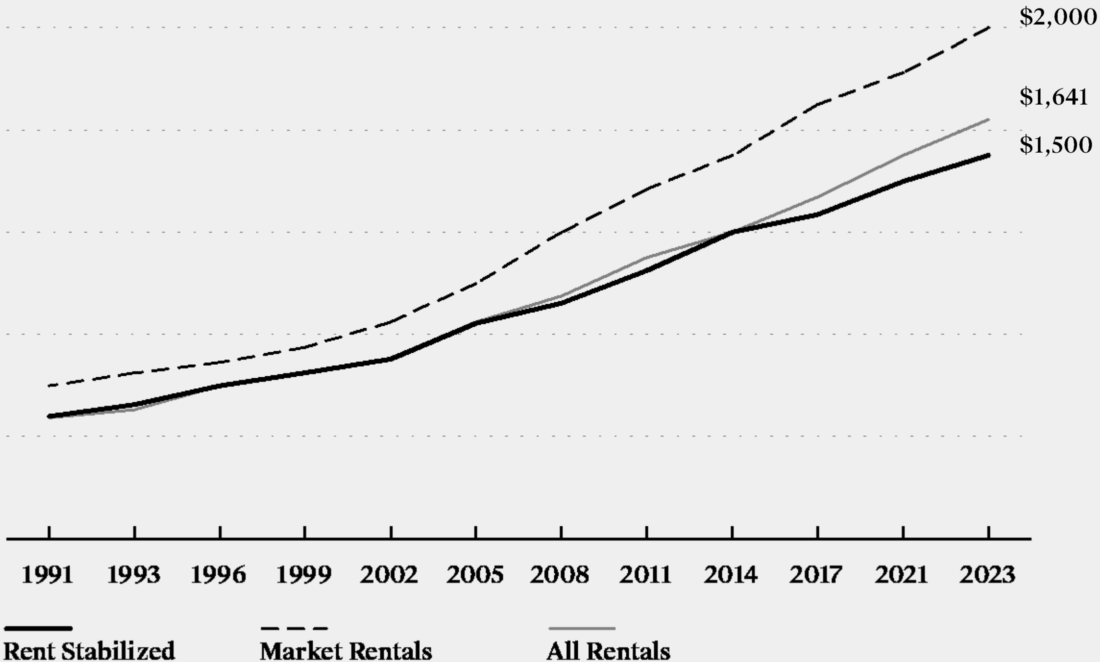
RENTS BY QUARTILE in 2023: RENT STABILIZED AND MARKET RENTALS

In 2023, rent stabilization included units with rents of varying levels, including 40% that were above the citywide median. The majority of units continued to be lower-cost.



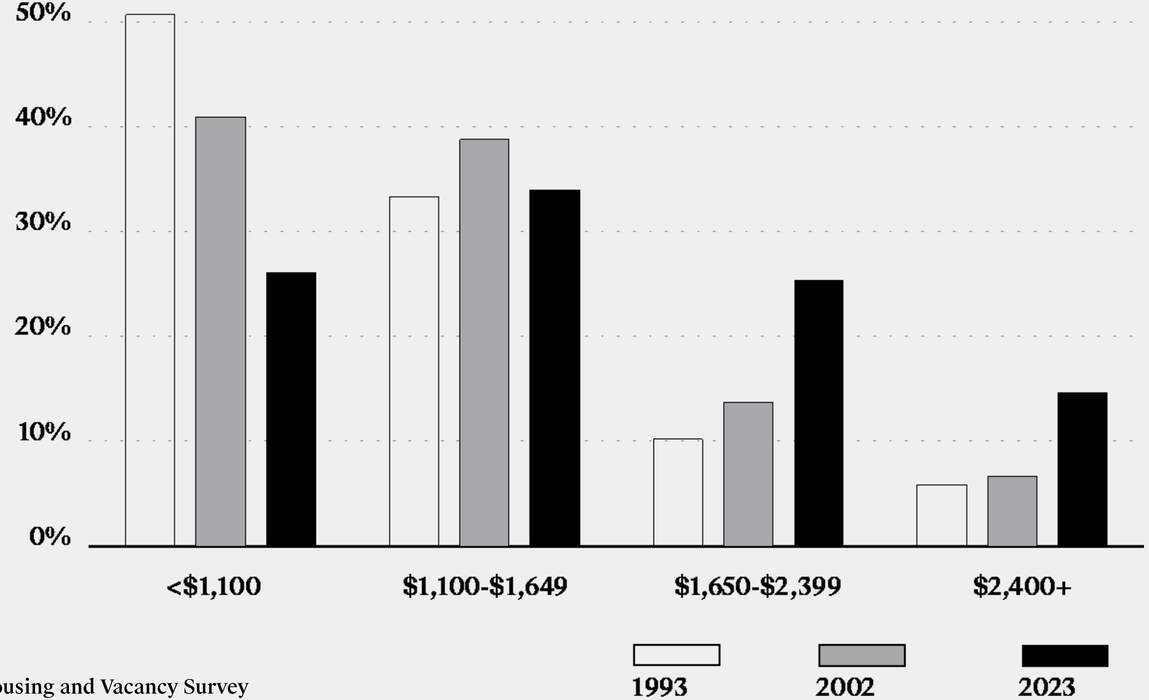
RENTS OVER TIME (1991-2023, nominal)

Between 2021 and 2023, rents increased by 9% (in nominal terms). This was generally in-line inflation, which increased by 10.2% during this period.



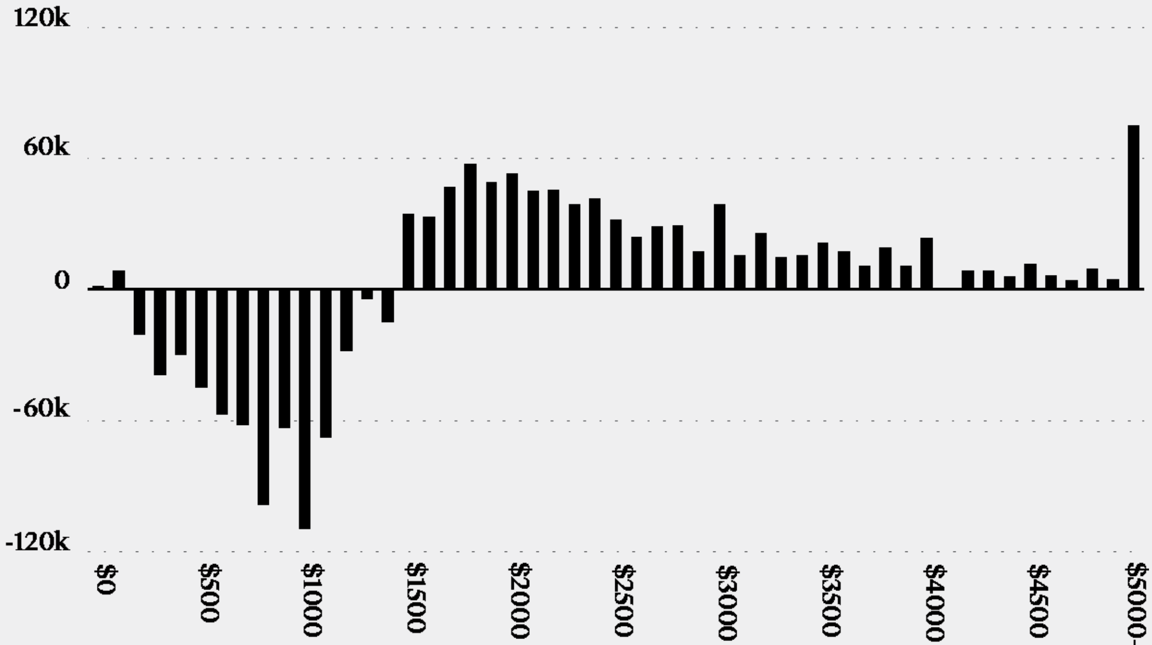
17 NET LOSS OF LOWEST-COST UNITS: RENT STABILIZED

There has been a steady net loss of the lowest-cost rent stabilized housing and a smaller net increase of higher-cost units over time.



NET LOSS OF LOW-COST UNITS

Between 1993 and 2023, New York City experienced a net loss of ~600,000 units with rents below $1,500 (after adjusting for inflation). About 350,000 of these were rent stabilized units in pre-1974 buildings with 6+ units.



- Historically low net rental vacancy rate of 1.41%. Units with rents below $2,400 all have a vacancy rate of less than 1%.
- Significant net increase in occupied units, including a large increase in the number of households with higher incomes.
- Lowest income households continue to face high levels of rent burden, now with even more limited supply than in 2021.
- Reported housing problems increased slightly across the board with similar patterns across both rent stabilized and market rentals.
- New York City continues to see diverging experience where low- and middle-income New Yorkers face limited housing choice while more New Yorkers with more purchasing power continue to grow in numbers.

We see many of the same challenges in rent stabilization that we see in other segments of the housing stock.

- Low net rental vacancy rates; high occupancy rates, with fewer vacancies of all kinds
- Small uptick in reported housing problems in line with changes in market rentals
- Diverse range of units covered by rent stabilization: range of incomes, range of rents
- Lower increases in rents, but long-term net loss of lowest cost units and net loss of lowest-income households

Department of
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& Development