

February 2022 For-Hire Vehicle License Review

Report and Determination

Introduction

This review by the New York City Taxi and Limousine Commission (TLC) of for-hire vehicle (FHV) licenses is conducted pursuant to TLC Rule § 59A-06(a)(1) for the period of August 2021 through January 2022. Previously, TLC conducted reviews pursuant to this rule in August 2020, February 2021, and August 2021 and determined that no additional FHV licenses would be issued in the six months following each such review.

In August 2018, then-Mayor Bill de Blasio signed Local Law 147, pausing the issuance of new FHV licenses for one year with an exception for wheelchair accessible vehicles (WAVs).¹ During that initial one-year pause, Local Law 147 directed TLC, in conjunction with the City Department of Transportation (DOT), to study driver income, the extent to which FHVs contributed to traffic congestion, traffic safety, vehicle utilization rates, access to for-hire service in different areas of the City, driver availability, and any other topics deemed appropriate. Local Law 147 also gave TLC the authority to use the results of its study to establish vehicle utilization rates and to regulate the number of FHV licenses issued by geographic area, time of day or day of week of use, the vehicle's wheelchair accessibility, the vehicle's emissions, and other factors TLC deems appropriate to address traffic congestion, shared rides, traffic safety, vehicle emissions, FHV ridership, driver income, and the availability of FHV services in different parts of the City.

In accordance with Local Law 147, TLC and DOT issued a report in June 2019 which found that the explosive growth in the number of for-hire vehicles between 2010 and 2019 was an important factor in the City's worsening traffic congestion and the slowing of average travel speeds over that period.² The report concluded that "city policies specifically addressing the operational efficiency of high-volume FHVs"³ were necessary, and thus recommended that the City implement a "cap on cruising"⁴ and that TLC continue the FHV license pause, maintain the WAV exception, and add an exception for electric vehicles (EVs).

Following the June 2019 report, TLC adopted rules in August 2019 to implement the report's recommendations.⁵ The rules also require TLC to review whether additional FHV licenses should be issued, with the first review conducted one year after the rule's adoption and continuing every six months thereafter. TLC must release the results of such reviews and the number of FHV licenses to be issued, if any, in the succeeding six months. In conducting this review, TLC is required by the rule to review traffic congestion levels, driver pay, FHV license attrition rates, outer-borough service, and any other information it deems relevant in making its determination. In June 2021, TLC amended its rules to remove the EV

¹ Local Law 147 of 2018, codified as New York City Administrative Code § 19-550.

² New York City Taxi and Limousine Commission and Department of Transportation, *Improving Efficiency and Managing Growth in New York's For-Hire Vehicle Sector*, June 2019, available at https://www1.nyc.gov/assets/tlc/downloads/pdf/fhv_congestion_study_report.pdf.

³ *Id.* at p. 3.

⁴ Referred to in Local Law 147 as "utilization standards," this cap on cruising was adopted by TLC but has not been implemented due to a legal challenge.

⁵ The rules adopted in August 2019 are available at https://www1.nyc.gov/assets/tlc/downloads/pdf/proposed_rules_hvfhs_cruising_08_07.pdf.

exception and to add the availability and demand for EVs and the availability of EV charging infrastructure to the list of factors that TLC must consider in its review every six months.

This review focuses primarily on data relating to high-volume for-hire services (HVFHSs)⁶ because trips performed by HVFHSs make up the overwhelming majority of FHV trip numbers,⁷ and because HVFHS data is more current as traditional FHV companies submit their data with a longer time lag than HVFHSs.⁸

Analysis

The State of the City's FHV Industry: COVID-19 Pandemic, Trip Volume, and Vehicle Supply

As TLC has detailed in previous reports, including the 2020 COVID-19 Impact Report⁹ and several previous FHV License Reviews,¹⁰ the COVID-19 pandemic and associated slowdown in economic activity has deeply affected the FHV industry in New York City. While some FHV licensees continued to drive during the height of the pandemic, including those who helped transport essential workers and participated in programs such as the City's Emergency Food Delivery Program, many licensees stayed at home. Passenger demand plummeted as the public responded to stay-at-home orders issued by the State and City. In order to alleviate some of the financial burden on drivers, TLC instituted a temporary measure that allowed FHV licensees to put their licenses in storage, allowing them to maintain their licenses without carrying additional insurance while their vehicles were inactive.

Trip volumes declined significantly beginning in mid-March 2020 as the City began closing down in response to the pandemic. Between February 2020 and April 2020, HVFHS trips declined markedly, from nearly 750,000 to about 144,000 daily trips.¹¹ While there has since been a steady increase in daily FHV trips, trip volumes are still significantly lower than pre-pandemic levels. For example, in January 2022, high-volume services completed 36% fewer trips in the central business district (CBD)¹² than had been completed in January 2020.¹³ Citywide, high-volume services completed 28.2% fewer trips in the same period.¹⁴

⁶ Two companies are currently licensed by TLC as HVFHSs: Lyft and Uber.

⁷ For example, in June 2021, HVFHSs dispatched an average of 498,675 trips per day in the City, compared to only 44,344 trips dispatched by non-high-volume FHV bases (black car, livery, and luxury limousine).

⁸ It should be noted that the Black Car and Livery Task Force, in its December 2021 report, recommended to TLC that the agency work to increase the number of vehicles affiliated with black car and livery bases, and some Task Force members felt strongly that TLC should create an exception to the FHV license pause for vehicles that perform trips exclusively for black car and livery bases. Black Car and Livery Task Force Report, p. 9, *available at* <https://www1.nyc.gov/assets/tlc/downloads/pdf/black-car-and-livery-task-force-report-2021.pdf>. TLC continues to evaluate the recommendations of the Task Force to determine ways to ensure the long-term viability of the black car and livery sectors but will not increase the number of new licensed vehicles on the road at this time, based on the analysis contained in this review.

⁹ Taxi and Limousine Commission, "COVID-19 Impact on the NYC For-Hire Industry," July 2020, *available at* <https://www1.nyc.gov/assets/tlc/downloads/pdf/covid-impact-report.pdf>.

¹⁰ All previous License Review Reports are available at <https://www1.nyc.gov/site/tlc/vehicles/fhv-license-pause.page>.

¹¹ *Id.*, February 2021 License Review Report.

¹² The "central business district" is used in this report to refer to Manhattan below 59th Street.

¹³ In January 2020, there were 191,027 daily HVFHS trips in the CBD, compared to 122,811 in January 2022.

¹⁴ In January 2020, an average of 663,524 HVFHS trips occurred daily citywide, compared to 475,833 HVFHS trips in January 2022.

Passenger demand began returning slowly in the second half of 2020 and trip volumes increased moderately, by 20%, between July and December 2020. In the spring and early summer of 2021, HVFHS trips increased further, particularly in the CBD, as the City worked towards reopening in response to vaccine availability and declining COVID-19 cases—though fall and winter COVID-19 variants and the increase in COVID cases stymied the potential for additional strong growth over the past six months. In August 2021, an average of 118,533 high-volume trips occurred daily in the CBD. By January 2022, this number had increased by only 3.6%, to 122,811. Similarly, average daily high-volume trips citywide increased from 467,654 in August 2021 to 475,833 in January 2022, an increase of only 1.7%.

The slight increase in the number of average daily trips over the past six months has occurred while there has been a modest decrease in the number of licensed FHV, from 96,493 in July 2021 to 96,114 in January 2022. TLC data also indicates that the number of active HVFHS vehicles—those that have completed at least one trip for a HVFHS during a given calendar month—increased by 13.8% between August 2021 and January 2022, from 58,754 to 66,855.

Ultimately, the City’s continuing recovery has positively affected the FHV industry and has led to an increase in FHV trips since the height of the pandemic, as well as moderate growth in the number of active vehicles used for HVFHS trips. However, the number of average daily trips remains significantly lower than during the pre-pandemic period. Furthermore, almost 30,000 licensed FHVs are not actively performing trips for high-volume companies as of January 2022, which means there is a large pool of FHV licenses still available to serve passengers citywide.

Traffic congestion levels

TLC Rule § 59A-06(a)(1) requires TLC to review congestion levels, with the results of such review aiding in the determination of the number of FHV licenses issued by the Commission.

Data from DOT indicates that bridge and tunnel traffic into the CBD remains close to pre-pandemic levels. Furthermore, Midtown traffic speeds, which rose in 2020 in the wake of the pandemic, have been decreasing since March 2021.¹⁵ The existing pool of HVFHS vehicles continues to contribute to this congestion, and as previously noted, HVFHS trips in the CBD have increased by 3.6% from 118,533 in August 2021 to 122,811 daily trips in January 2022.

Despite higher levels of traffic congestion, passenger wait times for high-volume trips have decreased significantly over the past six months. Wait times decreased citywide by 27% between August 2021 and January 2022, with the average wait time decreasing from 6.6 minutes to 4.8 minutes, a reduction of about one minute and 48 seconds. Average wait times in each of the outer boroughs and the CBD over the six-month period all decreased and are as follows:

Area	August 2021	January 2022	Percent change
Brooklyn	6.6 minutes	4.5 minutes	-31.8%
The Bronx	6.7 minutes	4.9 minutes	-26.9%
Queens	6.5 minutes	5.2 minutes	-20.0%
Staten Island	8.3 minutes	6.4 minutes	-22.9%
CBD	6.2 minutes	4 minutes	-35.5%

¹⁵ Communication with DOT, February 28, 2022.

The reduction in average wait times of nearly two minutes is substantial and may reflect supply-and-demand dynamics of active drivers, vehicles, and passengers.

Driver Earnings

TLC Rule § 59A-06(a)(1) requires TLC to review driver pay, with the results of such review aiding in the determination of the number of FHV licenses issued by the Commission.

As noted in both the COVID-19 report and previous License Reviews, HVFHS drivers experienced a severe initial drop in earnings at the beginning of the pandemic due to the significant reduction in passenger demand. Driver earnings substantially recovered since then as passenger demand returned more quickly than driver supply. Driver earnings increased by 10% between February 2021 and July 2021, exceeding pre-pandemic levels. However, as drivers have returned and passenger demand has fluctuated in the past six months due to multiple COVID-19 variant waves, HVFHS driver earnings decreased by 21% over the six-month period relevant to this report. Average weekly earnings in August 2021 of \$1,170 declined to \$922 in January 2022. This earnings data represents a slight decrease from pre-pandemic levels, where average weekly high-volume pay was \$1,025 for the period of February 2019 to June 2019.

As the City exits from the winter season and, hopefully, the COVID-19 pandemic, TLC expects that the increase in economic activity and travel will result in increased trip volumes and thus increases in driver earnings. Issuing new FHV licenses at this time could cause an oversupply of vehicles on the road, undermining the increase in driver earnings since the depths of the pandemic and undermining the expected gains in the coming months.

License Attrition Rates

TLC Rule § 59A-06(a)(1) requires TLC to review vehicle license attrition rates, with the results of such review aiding in the determination of the number of FHV licenses issued by the Commission.

There were 96,114 total FHV licenses as of January 2022, a modest decrease from 96,493 licenses in July 2021. In order to alleviate costs for vehicle owners who were not able to put their vehicles in service, TLC instituted a temporary policy to allow FHV licenses to be placed in storage, where over 5,327 licenses remain as of January 2022. These vehicles are not included in the 96,114 licensed FHV as of January and represent untapped supply should the demand for trips increase. In addition to the over 5,000 licenses in storage, almost 30,000 licensed FHV did not complete a trip in January 2022 and could be utilized to meet future demand if needed.

In the six-month period covered in this report, 1,325 vehicles passed initial inspection for new licensure as FHV (i.e., not a renewal license), while 4,759 licenses expired. Of the 1,325 new FHV licenses, 23% were lease-to-own vehicles,¹⁶ 11.2% were electric vehicles, 3.7% were Street Hail Livery (SHL) vehicles (FHV attached to an SHL permit), and 61.9% were wheelchair accessible vehicles. During this period, 25,609 licenses were eligible for renewal and monthly attrition rates averaged below 19.6%. It is important to note that the attrition rate can change over time because licensees are still eligible to renew their license and pass a vehicle inspection for 180 days after their license expires.

¹⁶ Taxi and Limousine Commission, "Conditional Sale / Lease to Own Guidelines," available at https://www1.nyc.gov/assets/tlc/downloads/pdf/conditional_sales_request_guide.pdf.

As noted above, passenger demand and the daily average number of trips plummeted during the COVID-19 pandemic, so while these metrics are increasing as the City recovers, they are still well below pre-pandemic levels.

Outer-Borough Service

TLC Rule § 59A-06(a)(1) requires TLC to evaluate outer borough service, with the results of such review aiding in the determination of the number of FHV licenses issued by the Commission.

Over the six-month period, average high-volume daily trips stayed mostly flat in the outer boroughs. By borough, high-volume daily trips are as follows:

<u>Borough</u>	<u>August 2021</u>	<u>January 2022</u>	<u>Percent change</u>
Brooklyn	129,488	130,011	+0.4%
The Bronx	61,136	60,447	-1.1%
Queens	94,463	92,849	-1.7%
Staten Island	6,683	6,776	+1.4%

The lack of change in outer-borough trips, particularly as wait times have decreased as discussed above, suggests that vehicle and driver supply is adequately meeting passenger demand in the outer boroughs.

Electric Vehicles: Availability and Demand for Electric Vehicles and Charging Infrastructure

Upon eliminating the initial electric vehicle exception to the license pause, TLC Rule § 59A-06(a)(1) now requires TLC to consider issues surrounding EVs, with the results of such review aiding in the determination of the number of FHV licenses issued by the Commission. Under the revised rule, FHV license holders remain able to change the vehicles on existing for-hire licenses from gas-powered vehicles to EVs. There are now 629 licensed FHV EVs, with 149 EVs newly licensed as FHVs since the last License Review.

TLC is focused on ensuring a thriving and sustainable licensed vehicle industry and electrifying all licensed vehicles. To that end, TLC encourages FHV license holders to convert their vehicles to EVs.¹⁷ Furthermore, TLC is working with stakeholders including drivers, fleets, base owners, auto manufacturers, Con Ed, battery charging infrastructure providers, and agency partners such as DOT, the Department of Citywide Administrative Services, and the Port Authority. In particular, TLC is working with stakeholders to increase the amount of EV charging available in New York City in order to meet future demand.

TLC has added new FHV licenses for EVs during the six-month period and continues to work on electrifying the licensed vehicle fleet.

Conclusion

As required by TLC Rule § 59A-06(a)(1), TLC has conducted a thorough review of the state of the City’s FHV industry, including assessing the industry in light of the COVID-19 pandemic, trip volumes, vehicle supply, traffic congestion levels, driver earnings, license attrition rates, outer borough service, and availability and demand for electric vehicles and charging infrastructure. Based on the foregoing analysis, as there are sufficient existing TLC-licensed vehicles for current passenger demand, TLC finds that additional for-hire vehicle licenses are not needed at this time.

¹⁷ TLC is also actively working to bring wheelchair accessible electric vehicle options to New York City.