Taxi & Limousine Commission

**August 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 February 2022 through July 2022. TLC has conducted reviews pursuant to this rule every August and February since August 2020 and determined in each that no additional FHV licenses would be issued in the six months following each such review.[1]

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).[2] 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.[3] The report concluded that "city policies specifically addressing the operational efficiency of high-volume FHVs"[4] were necessary, and thus recommended that the city implement a "cap on cruising"[5] 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, in August 2019 TLC adopted rules to implement the report's recommendations.[6] 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

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[1] All previous License Review Reports are available at https://www1.nyc.gov/site/tlc/vehicles/fhv-license-pause.page.

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

[3] 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.

[4] *Id*. at p. 3.

[5] 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.

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

it deems relevant in making its determination. In June 2021, TLC amended its rules to remove the EV exception and 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 analyzes data relating to all segments of the FHV industry: high-volume for-hire services (HVs)[7] as well as livery, black car, and luxury limousine. Because bases that are not HVs submit their data with a longer time lag than HVs, data in this report relating to the entirety of the FHV industry is through June 2022, while data that is only collected from HVs is through July 2022. It is worth noting that trips performed by HVs make up the overwhelming majority of FHV trip numbers.[8]

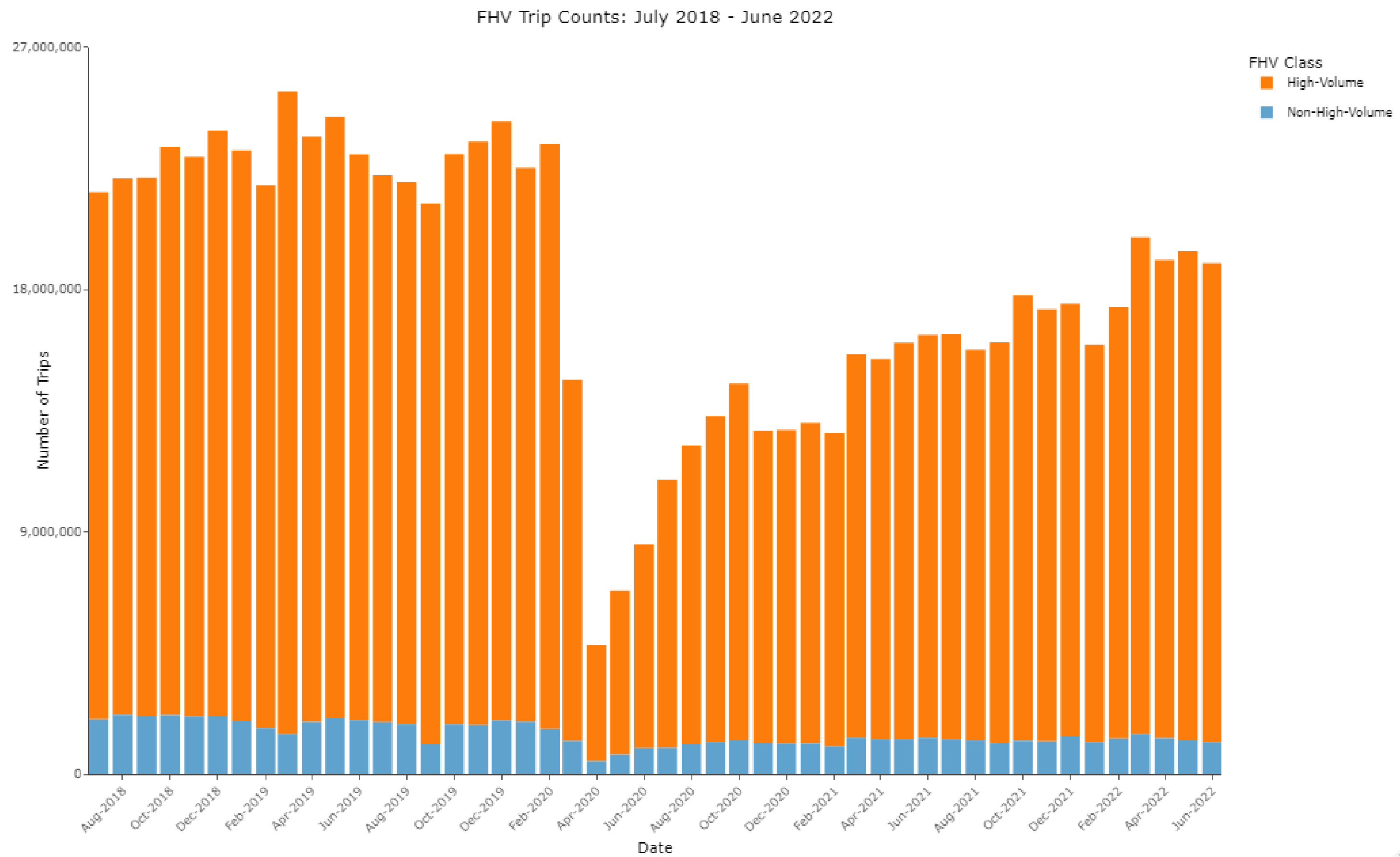
## Analysis

### *Trip Volume, Vehicle Supply, and Vehicle Attrition*

As TLC has detailed in previous reports, including several previous FHV License Reviews, 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, many licensees stayed at home as passenger demand plummeted, with FHV trips declining 80% between February and April 2020, from 23,398,215 to 4,791,960.

FHV trips have steadily increased since the pandemic's nadir in April of 2020 and are now as a whole nearing pre-pandemic levels, showing that the demand for for-hire transportation has largely returned as the city has recovered. As shown in the table and graph below, HV trips are significantly closer to full recovery than non-HV FHV trips, indicating that the impact of, and recovery from, COVID-19 have not been spread equally across the FHV sector.

[7] Two companies are currently licensed by TLC as HVs: Lyft and Uber.
[8] For example, in June 2022, HVs dispatched 17,780,075 trips, while non-HV FHV bases dispatched 1,195,414 trips.



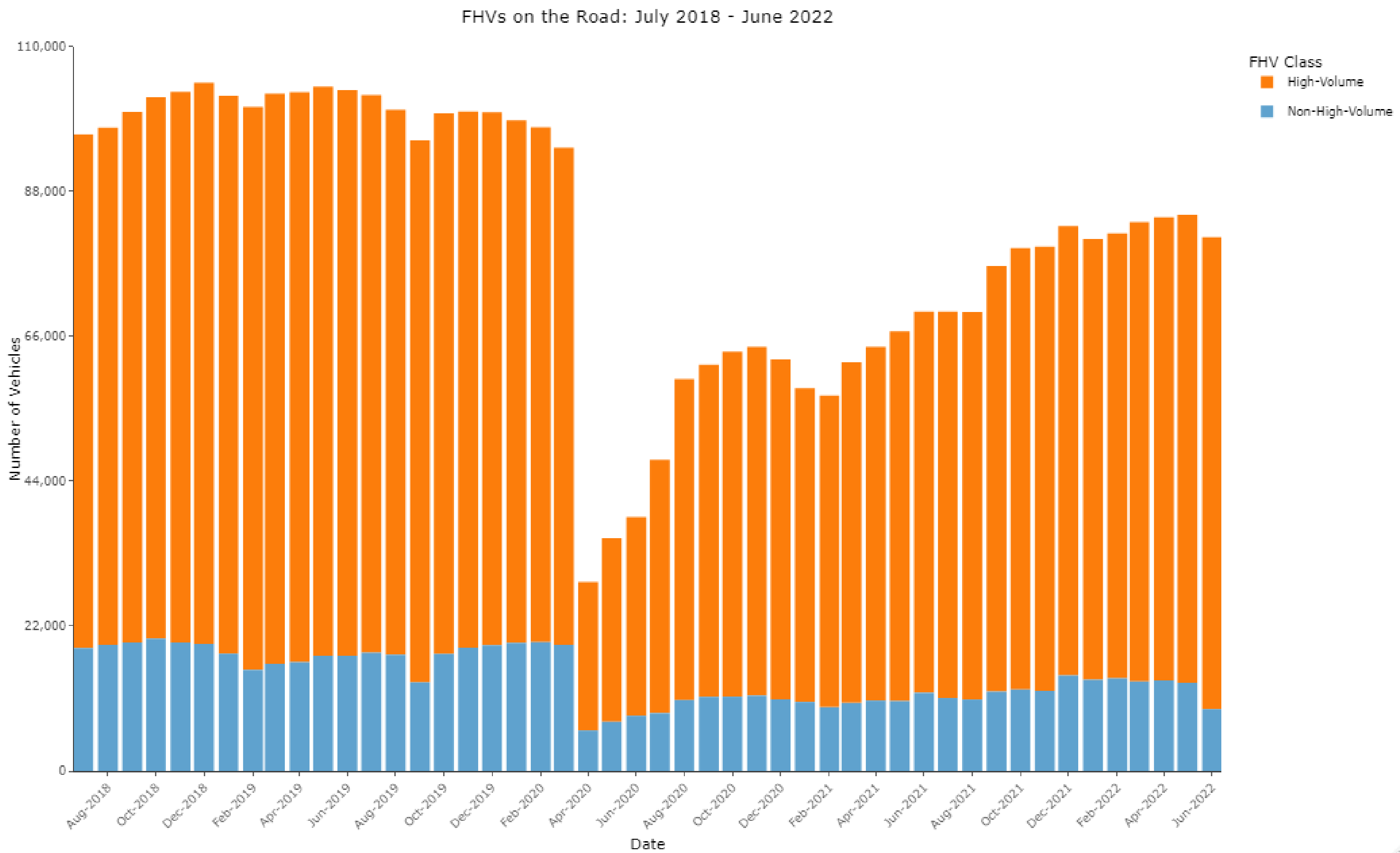

| | June 2019 | June 2022 | Percent recovery |
|---|---|---|---|
| High-volume FHV trips | 21,001,080 | 17,779,680 | 84.7% |
| Non-high-volume FHV trips | 1,813,410 | 1,192,920 | 65.8% |
| All FHV trips | 22,814,490 | 18,972,600 | 83.2% |

The increased number of trips over the past six months has occurred while there has been a modest decrease in the number of licensed FHVs not in storage, from 96,114 in January 2022 to 95,693 in July of 2022. Including the 4,724 FHV licenses in storage, the total number of FHV licenses in July of 2022 was 100,417, 16% lower than the 120,126 FHVs that were licensed when TLC decided to extend the moratorium in August of 2019.

In the six-month period covered in this report, 1,073 new FHV licenses (i.e., not renewal licenses) were issued by TLC, while 4,069 licenses expired. Of the 1,073 new FHV licenses, 19.4% were lease-to-own vehicles,[9] 0.3% were electric vehicles, 5.3% were Street Hail Livery (SHL) vehicles (FHVs attached to an SHL permit), and 75% were wheelchair accessible vehicles. It is important to note that the attrition rate can change over time because licensees are still eligible to renew their license 60 days after their license expires and once renewed have an additional 120 days to pass a vehicle inspection.

[9] 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.

Of this total set of licensed FHVs, however, a large percentage are not actively performing FHV trips. For example, 71,059 vehicles completed a HV trip in May of 2022, and 13,361 vehicles completed a non-HV trip in that month.[10] While, as shown in the graph below, this number has grown significantly since pandemic-era lows, 18,808 FHVs did not complete a trip in May of 2022, and 11,146 FHVs did not complete a trip from December 2021 through May of 2022, indicating that a substantial amount of vehicle inactivity was not short term.




### *Driver Earnings*

TLC Rule § 59A-06(a)(1) also requires TLC to review driver pay. As noted in previous License Reviews, HV drivers—the only FHV class for which the submission of driver pay data is required—experienced a severe initial drop in earnings at the beginning of the pandemic due to the significant reduction in passenger demand. Driver earnings have substantially recovered since then as passenger demand returned more quickly than driver supply. Excluding the dip in driver earnings in January 2022 evident in the graph below as the Omicron variant suppressed passenger demand, driver earnings have been consistently above $1,100 per week since early 2021. In fact, the highest weekly average earnings since TLC began tracking this data occurred in May 2022, with drivers earning an average of $1,364. The same trends are seen in aggregate driver pay numbers, with drivers being paid over $366 million in May of 2022, $20 million higher than the previous highest number on record in May of 2019. As office

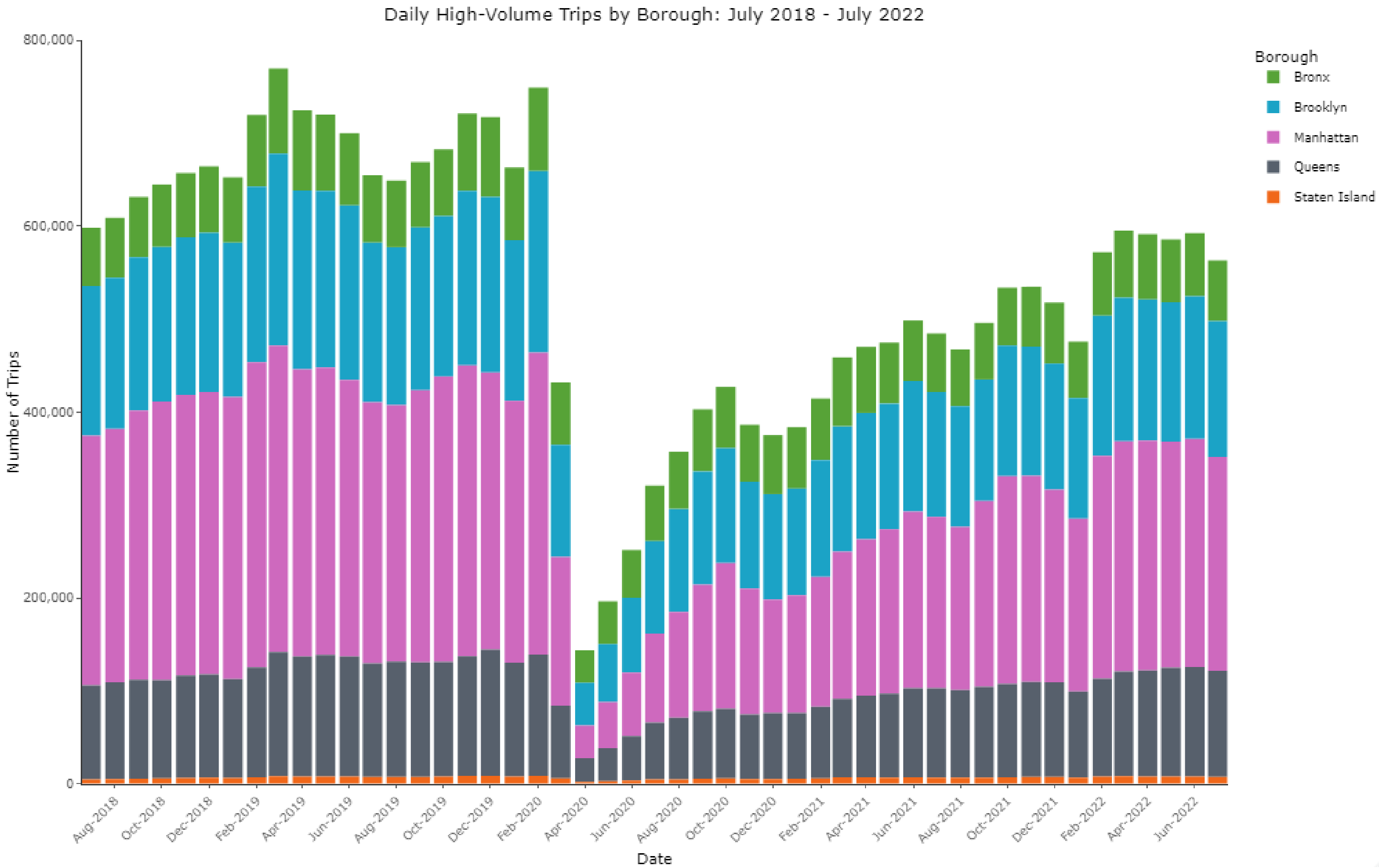
[10] Note that an FHV that completed both HV and non-HV trips would be counted in both categories, so to avoid double counting the same vehicle, the two numbers should not be added.

occupancy, tourism, and other economic activity continue to increase, TLC anticipates continued increases in trip volumes and driver earnings.


It is important to note that these earnings do not include driver expenses. While high-volume FHV driver pay is regulated through TLC's minimum driver pay rules, one driver expense particularly relevant to the analysis in this report is leasing expenses, as drivers who are unable to obtain their own licenses can lease a vehicle from another party. These leasing expenses, while typically including the vehicle, insurance, maintenance, TLC licensure, and so on, may be higher than the costs of owning one's own TLC-licensed vehicle. TLC's driver expense survey from the spring of 2022 indicated that FHV drivers' self-reported leasing costs were approximately $450 per week, though this number can vary widely based on factors including the vehicle class (luxury, SUV, etc.) and make and model. Issuing new FHV licenses to drivers could help address these costs.

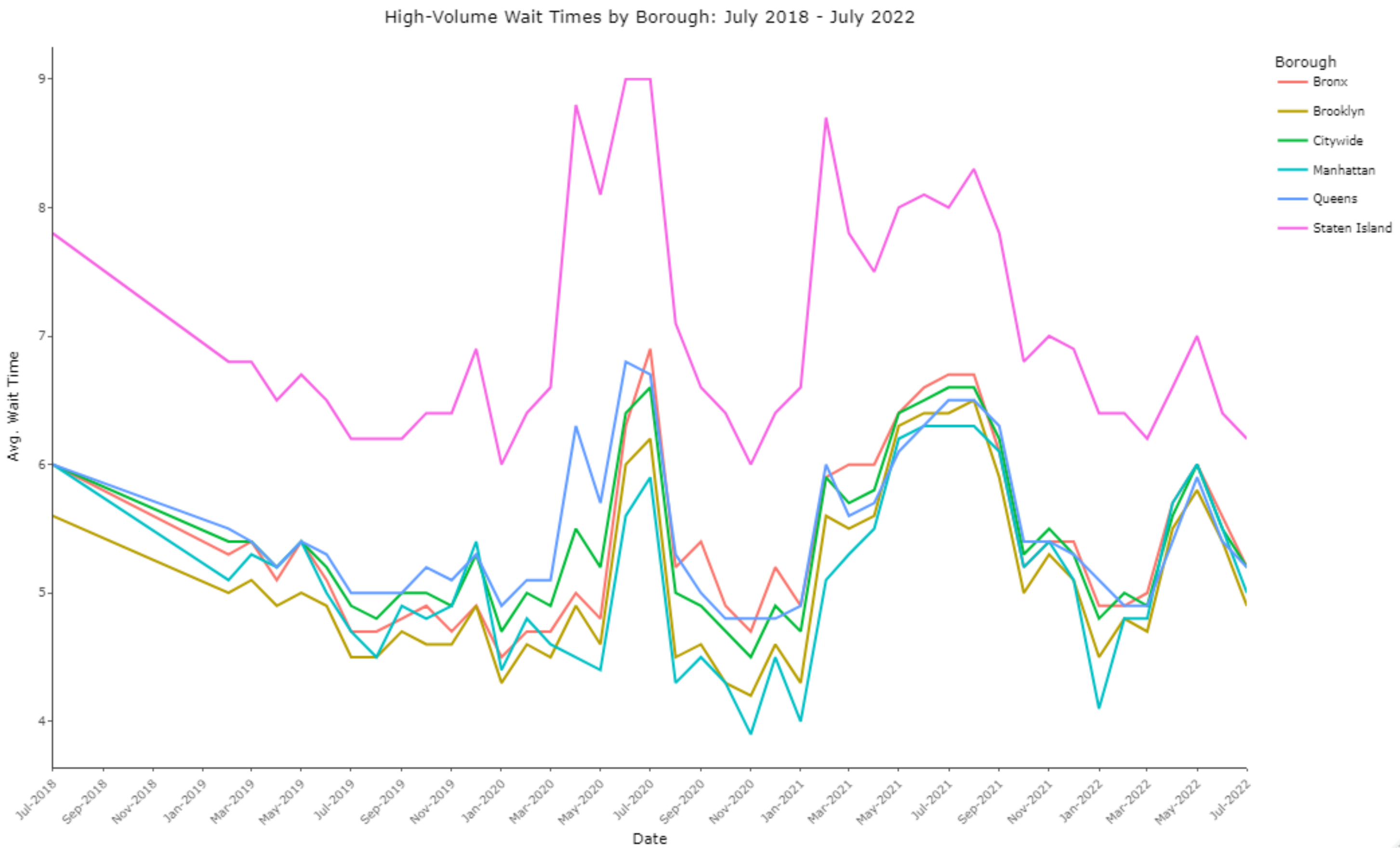
***Outer-Borough Service***

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. Since the previous review conducted in February 2022, HV trips—the FHV trips for which location-based data is most robust and reliable—in all boroughs have increased significantly. While the strongest growth was in Manhattan, all boroughs saw significant growth between January 2022 (a month of reduced trip volumes due to the Omicron variant) and June 2022. As shown in the graph below, each of the past six months had more HV trips than any month since before the pandemic.




| **Borough** | **January 2022** | **July 2022** | **Percent change** |
|---|---|---|---|
| The Bronx | 60,447 | 65,310 | +8.0% |
| Brooklyn | 130,011 | 146,227 | +12.8% |
| Manhattan | 185,748 | 230,393 | +24.0% |
| Queens | 92,849 | 114,112 | +22.9% |
| Staten Island | 6,776 | 7,296 | +7.7% |

Despite the strong trip growth in all boroughs, passenger wait times for high-volume trips have remained stable, with a citywide average of 5.2 minutes in July of 2022, remaining within the 4.5–6.6 minute range since 2018 as shown in the graph below. Average wait times by borough in July of 2022 were all between 4.9 and 5.2 minutes except for Staten Island, where wait times averaged 6.2 minutes. These wait times suggest that outer-borough service has not been negatively impacted by the license pause.




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

TLC Rule § 59A-06(a)(1) 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 TLC rules, FHV license holders remain able to change the vehicles on existing for-hire licenses from gas-powered vehicles to EVs.

TLC remains 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. 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 to increase the amount of EV charging available in New York City in order to meet current and future demand. As of August 2022, there are 612 licensed FHV EVs and, with the recent volatility in gas prices, new federal incentives for purchasing electric vehicles, and expanding charging infrastructure in the city, it is clear that the demand for EVs exceeds current numbers.

***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 indicate that bridge and tunnel traffic into the central business district (CBD) remains close to pre-pandemic levels. Furthermore, monthly Midtown traffic speeds, which rose in 2020 in the wake of the pandemic, have been decreasing year over year, approaching pre-pandemic lows.[11] As seen in the trip data discussed above, this return of congestion shortly after the initial onset of the pandemic occurred while FHV trip counts remained low, indicating that the cause cannot be attributed to the FHV industry.

## 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 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. With vehicle licenses continuing to decrease, passenger wait times remaining steady, and trips and driver pay continuing to increase, TLC has determined that the industry can absorb new vehicles without undermining the gains that the license pause has achieved over the past four years.

Accordingly, TLC will issue up to 1,000 new FHV licenses, all of which will be restricted to use with electric vehicles. These new licenses will help electrify the TLC-licensed fleet, help drive the demand for and spur the development of more public and private charging infrastructure, allow drivers to avoid the volatility and high costs of gasoline, and provide drivers currently stuck leasing their vehicles with an opportunity to own their own vehicles. TLC will announce separately the details for these licenses, including procedures establishing applicant eligibility. **Those who are interested in these new licenses should not purchase a vehicle or expect to be eligible until TLC announces the details.** As these licenses are put into use, TLC will monitor the impact that these new licenses have on the factors addressed in this report.

[11] Communication with DOT, September 6, 2022.