

## Demystifying Distress

The Independent Budget Office's (IBO) series, [Current State of Rent Stabilized Housing](#), examines aspects of the rent stabilized housing stock at both the building and apartment level to inform public discussion. IBO encourages readers to explore additional topics covered in this series.

Roughly one million rent stabilized apartments make up 41% of New York City's rental apartments and are home to over two million New Yorkers. As IBO explored in [Segments of the Rent Stabilized Housing Stock](#), this diverse stock of rent stabilized buildings ranges from prewar buildings to new construction, buildings with six apartments to buildings with hundreds of apartments, buildings with one rent stabilized apartment to those that are 100% rent stabilized, and apartments with rents well below market rate to those renting at market rates. Rent stabilized housing is in every corner of the City and plays a significant role in ensuring housing affordability and stability for many New Yorkers.

Through the enforcement of the City's Housing Maintenance Code, the Department of Housing Preservation and Development (HPD) is tasked with ensuring quality housing for all types of rental housing, including rent stabilized apartments. The condition of rent stabilized housing has emerged in public discussion. Recent research has highlighted concerns regarding the financial stability of rent stabilized housing, but it remains unclear what physical conditions exist across the stock, where distress may be concentrated, and how it compares with non-stabilized rental housing quality citywide.<sup>1</sup>

In this report, IBO compared indicators of physical and financial distress across categories of the rent stabilized stock and to other, non-stabilized rental housing citywide.<sup>2</sup> The causes of distress are influenced by many factors and are beyond the scope of this report; IBO intends to provide an understanding of where distress is present rather than to describe circumstances underlying the indicators of distress. IBO analyzed 2025 rent stabilization data from New York State Homes and Community Renewal (HCR) in conjunction with City administrative data from HPD, the Department of Finance (DOF), and the Department of City Planning (DCP).

As detailed below, IBO's analysis reveals:

- Ensuring housing quality across all types of rental housing is a citywide goal. The majority of rent stabilized buildings do not show poor conditions generally, or notably worse conditions on average when compared to non-stabilized building conditions.
- Many newer rent stabilized buildings and often older stabilized buildings show materially better conditions than non-stabilized rental buildings.

- Poor conditions are concentrated in certain segments of the rent stabilized stock, including rent stabilized buildings with a high share of stabilized apartments, those with lower rents, and those located in the Bronx and Upper Manhattan. Yet even among these categories, most buildings are in similar or better condition compared with the non-stabilized building averages.

Out of 928,000 rent stabilized apartments analyzed, about 7,300 (0.8%) are in buildings with 5 or more hazardous housing maintenance code violations per apartment. The City Administrative Code defines a “distressed property” as one with a violation rate of at least five hazardous Housing Maintenance Code violations per apartment, among other criteria.<sup>3</sup> However, these conditions are also present among non-rent stabilized housing. The Mamdani administration has expressed an interest in preservation efforts for the buildings that most need it.<sup>4</sup> Knowing what types of housing are experiencing poor conditions, as well as the number of apartments in severe distress, can help inform these efforts.

## Indicators of Distress

This report analyzes physical and financial distress through the indicators listed below.<sup>5</sup>

- **Hazardous Housing Maintenance Code violations:** typically documented when tenants report problems in a building to 311, HPD inspects the building, and one or more violations are issued. This analysis includes Class B (hazardous) and Class C (immediately hazardous) violations, which encompass conditions such as no heat or hot water, vermin infestations, leaks, or mold.
- **[Emergency Repair Program \(ERP\) charges:](#)** incurred when HPD fixes hazardous housing code violations that owners failed to correct and charges the property owner for the work. This suggests a property owner unwilling or unable to pay for repairs.
- **[Alternative Enforcement Program \(AEP\) enrollment:](#)** a program that implements frequent inspections for properties with persistent hazardous housing maintenance code violations and ERP charges. HPD may make repairs to improve physical conditions of housing in the program. This suggests chronic maintenance issues.
- **Tax Lien sales:** properties with long overdue property taxes, water or sewer charges, or HPD repair charges can become eligible for the lien sale. (See IBO’s [report](#) on tax liens for more information on how this process works.) Having a lien sold suggests financial distress in the building if the owner is unable to pay these bills, or possible disinvestment by an owner unwilling to pay the bills.

IBO used current HPD data on Housing Maintenance Code violations, Open Market Order (OMO) ERP charges, and AEP enrollment. IBO used DOF data to identify rent stabilized 2025 tax lien sale properties and 2025 Department of City Planning (DCP) Primary Land Use Tax Lot Output (PLUTO) data to identify the year a building was constructed and number of total apartments in the building.

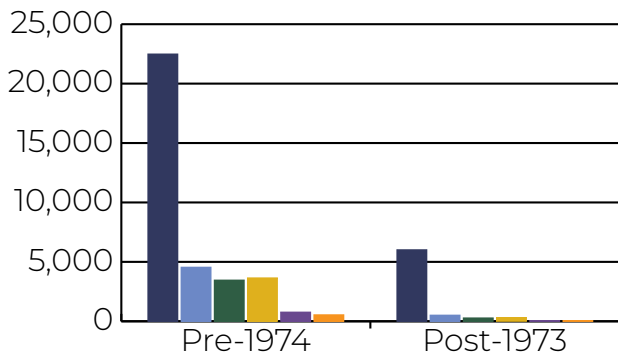
## Measuring Distress

First, IBO considered the scale of distress across the approximately 43,000 rent stabilized buildings citywide. IBO’s analysis excludes apartments classified as temporary residences

**FIGURE 1**

**Open Hazardous Housing Maintenance Code Violations per Apartment for Rent Stabilized Buildings**

■ Less than 0.18 (Citywide Non-Stabilized Average)  
 ■ 0.18-0.5 ■ 0.5-1 ■ 1-3 ■ 3-5 ■ 5 or more  
 Number of Buildings

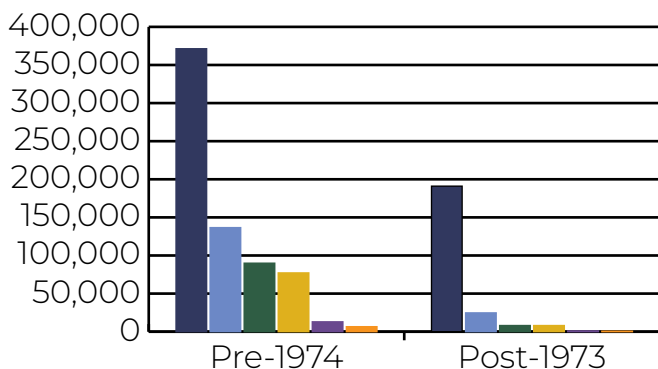


SOURCES: IBO analysis of HCR, HPD, and DCP data  
 NOTES: Analysis includes all open class B and C housing maintenance code violations with a notice of violation issued on or after January 1, 2023.  
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**FIGURE 2**

**Open Hazardous Housing Maintenance Code Violations per Apartment for Rent Stabilized Apartments**

■ Less than 0.18 (Citywide Non-Stabilized Average)  
 ■ 0.18-0.5 ■ 0.5-1 ■ 1-3 ■ 3-5 ■ 5 or more  
 Number of Apartments



SOURCES: IBO analysis of HCR, HPD, and DCP data  
 NOTES: Analysis includes all open class B and C housing maintenance code violations with a notice of violation issued on or after January 1, 2023.  
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and apartments exiting rent stabilization in 2025, focusing on roughly 928,000 rent stabilized apartments across about 43,000 buildings.<sup>6</sup>

- About 28,400 rent stabilized buildings (66%) have fewer hazardous violations per apartment than the citywide non-stabilized average of 0.18. These buildings contain 557,000 rent stabilized apartments. (IBO used the total number of apartments in the building, not just the number of rent stabilized apartments, to calculate violation rates.)
- Around 5,400 rent stabilized buildings containing about 107,000 rent stabilized apartments have at least one hazardous violation per apartment.
- A small portion of the rent stabilized housing sees severe conditions. IBO identified 600 rent stabilized buildings (about 1% of the buildings analyzed) with at least five hazardous violations per apartment. These buildings account for about 7,300 rent stabilized apartments out of 928,000 analyzed (0.8%). Among non-stabilized rental buildings, IBO identified 923 buildings with at least five violations per apartment out of about 56,000 (1.6%).
- Rent stabilized housing built before 1974, which represents 75% of the rent stabilized stock, accounts for most of the 600

distressed buildings. (See Segments of the Rent Stabilized Housing Stock for further discussion on distinctions between pre-1974 and post-1973 rent stabilized buildings.)

Figure 1 shows the number of buildings with different levels of hazardous violations per apartment by Pre-1974 and Post-1973 buildings; Figure 2 shows the same breakdown by number of apartments.

## Where Is Distress Concentrated?

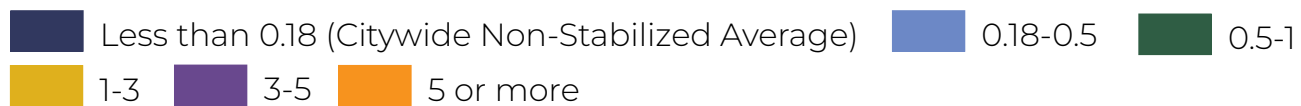
### Distress Indicators By Median Stabilized Rents

Conditions of rent stabilized housing—both physical and financial—are often discussed in relation to rent levels, as this influences building operating income.<sup>7</sup> Figures 3 through 6 present the distress indicators by the median rent stabilized apartment rents in each building, splitting the analysis between buildings stabilized pre-1974 and post-1973.<sup>8</sup>

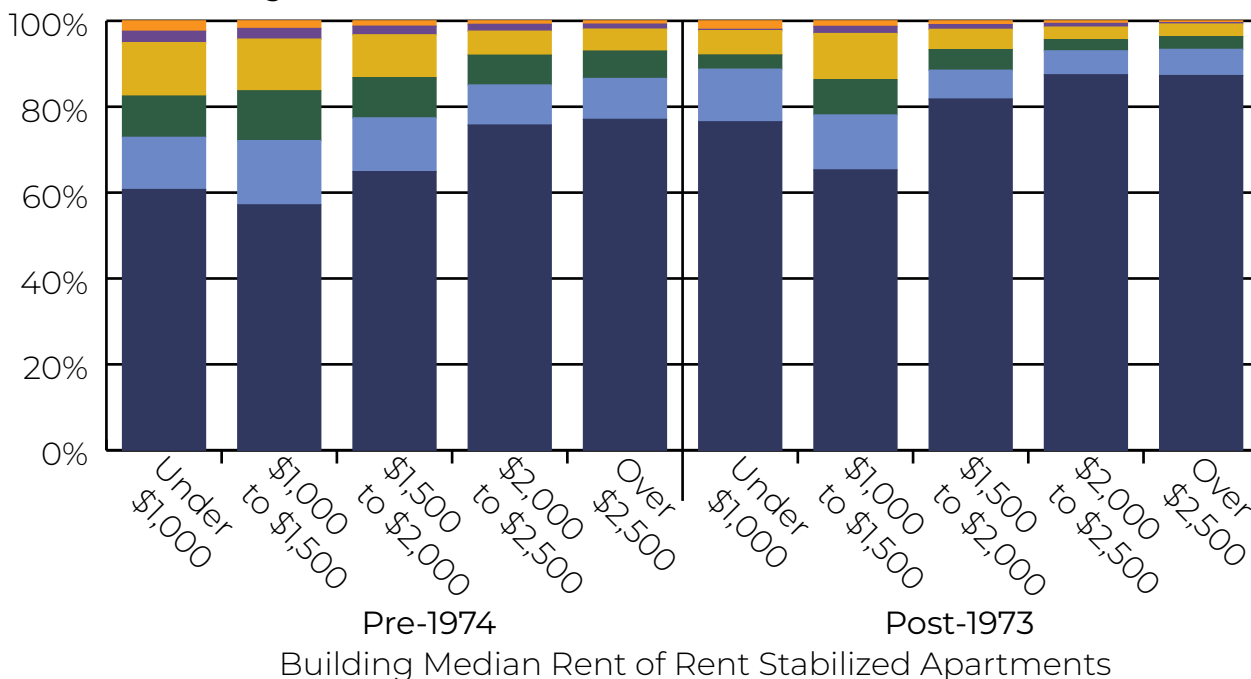
- In all rent categories, over half of rent stabilized buildings have a lower housing code violation rate than the citywide non-stabilized average.
- For both pre-1974 and post-1973 buildings, properties with lower median rent stabilized rents (below \$1,500) have higher shares of buildings with more than one code violation per apartment (see Figure 3).

**FIGURE 3**

#### Hazardous Housing Maintenance Code Violations in Rent Stabilized Buildings by Median Rent



Share of Buildings



SOURCES: IBO analysis of HCR, HPD, and DCP data

NOTES: Includes all open class B and C violations with a notice of violation issued on or after January 1, 2023. Violation rates per apartment calculated based on total apartments in the building, both stabilized and market rate.

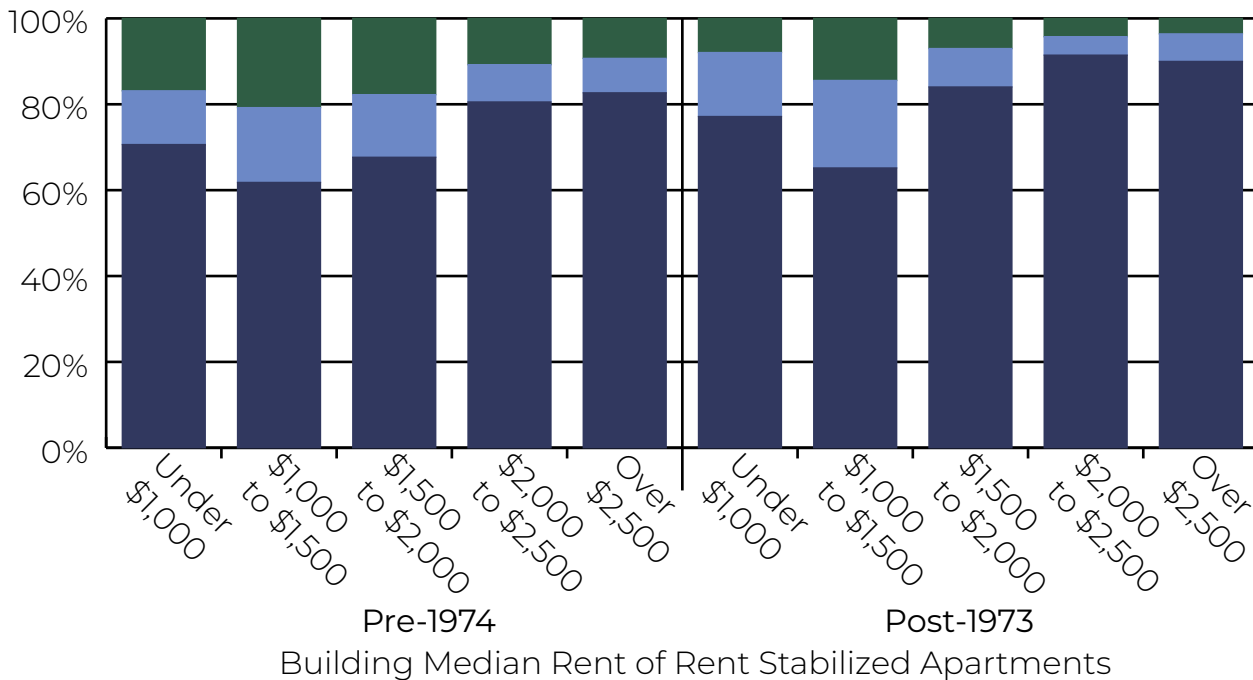
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FIGURE 4

Emergency Repair Program Charges for Rent Stabilized Buildings by Median Rent

No ERP Charges
  Below Citywide Non-Stabilized Average
  Above Citywide Non-Stabilized Average

Share of Buildings



SOURCES: IBO analysis of HCR, HPD, and DCP data

NOTES: Rent stabilized and non-stabilized average ERP charges reflect Open Market Order charges issued since January 1, 2023. The average charge per apartment for a non-stabilized building was \$75. Charges per apartment were based on the total number of apartments for the tax lot, both stabilized and market rate.

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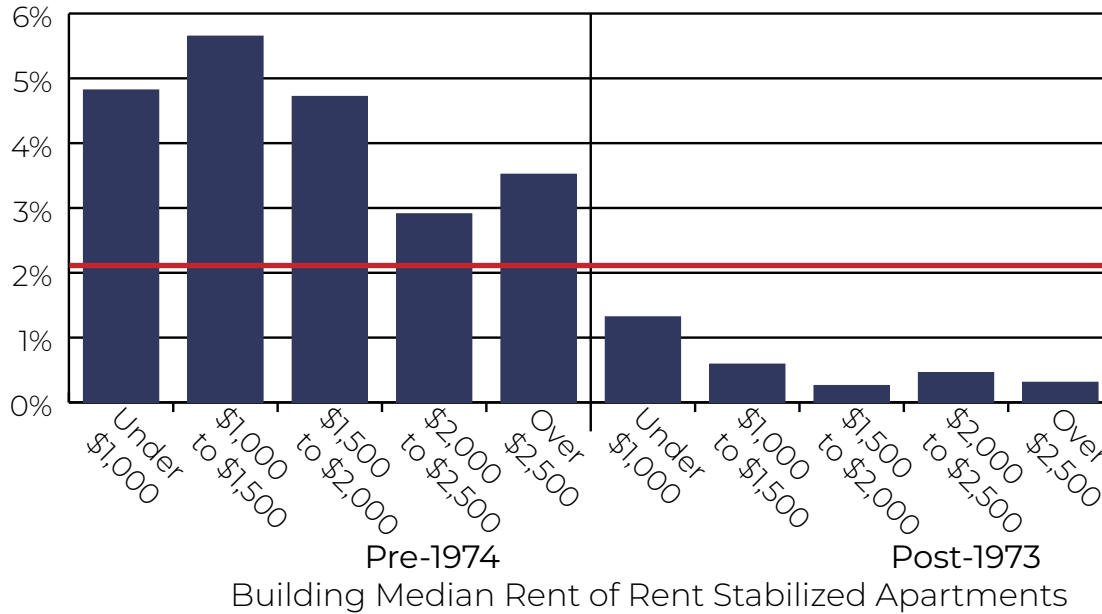
- For buildings with rent stabilized apartments with a median rent of \$1,000 or less, 2.4% had 5 or more violations per apartment in pre-1974 buildings and 2.0% in post-1973 buildings.
- About 36% of pre-1974 buildings with median rents under \$1,500 have ERP charges (see Figure 4). For context, 11% of non-stabilized buildings citywide have ERP charges.
- The rate of AEP enrollment in pre-1974 stabilized buildings is somewhat higher than the citywide non-stabilized building enrollment rate across all rent levels. Post-1973 rent stabilized buildings have materially lower rates of AEP enrollment than the non-stabilized building rate of 2.4%. (see Figure 5).
- Nearly 9% of pre-1974 buildings with median stabilized rents under \$1,000 were eligible for the lien sale, slightly above the citywide average of 8.3% for non-stabilized rental buildings. All other rent categories were below the citywide non-stabilized average for lien sale eligibility, and all rent categories were below the citywide non-stabilized average for liens sold of 1.0% (see Figure 6).

**FIGURE 5**

**Rates of AEP Enrollment for Rent Stabilized Buildings by Median Rent**

— Share of Non-Rent Stabilized Buildings With AEP Enrollment

Share of Buildings With AEP Enrollment



NOTE: Includes past and present AEP enrollment.

**FIGURE 6**

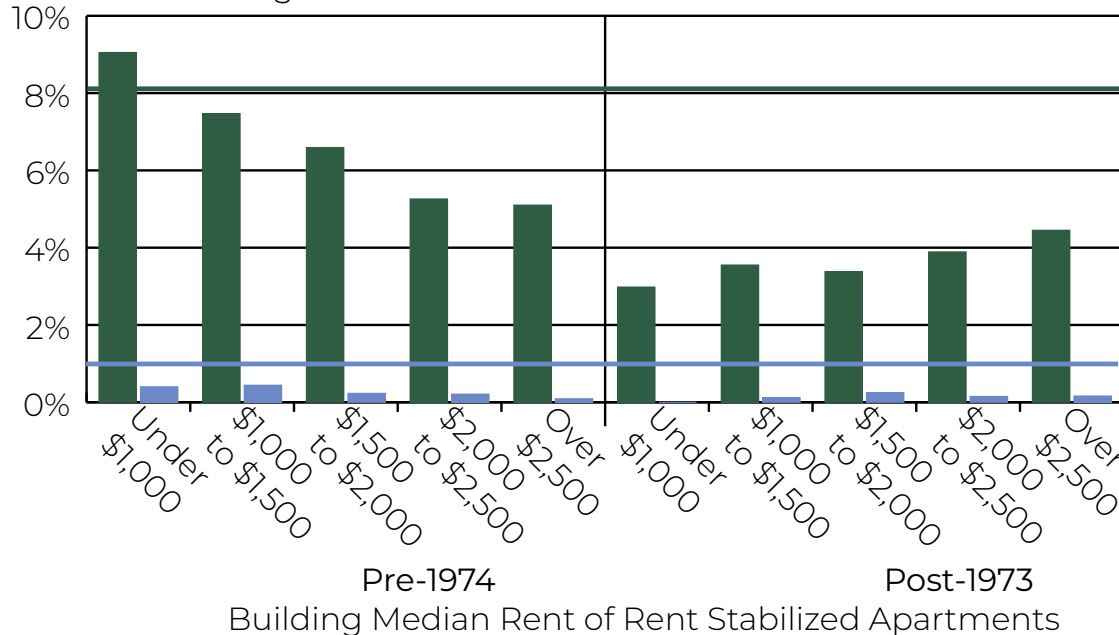
**Lien Sale Eligibility and Sales for Rent Stabilized Buildings by Median Rent**

■ Lien Sale Eligible      ■ Lien Sold

— Share of Non-Rent Stabilized Buildings Lien Sale Eligible Citywide

— Share of Non-Rent Stabilized Buildings with Liens Sold Citywide

Share of Buildings



SOURCES Figures 5 & 6 : IBO analysis of HCR, DOF, and DCP data

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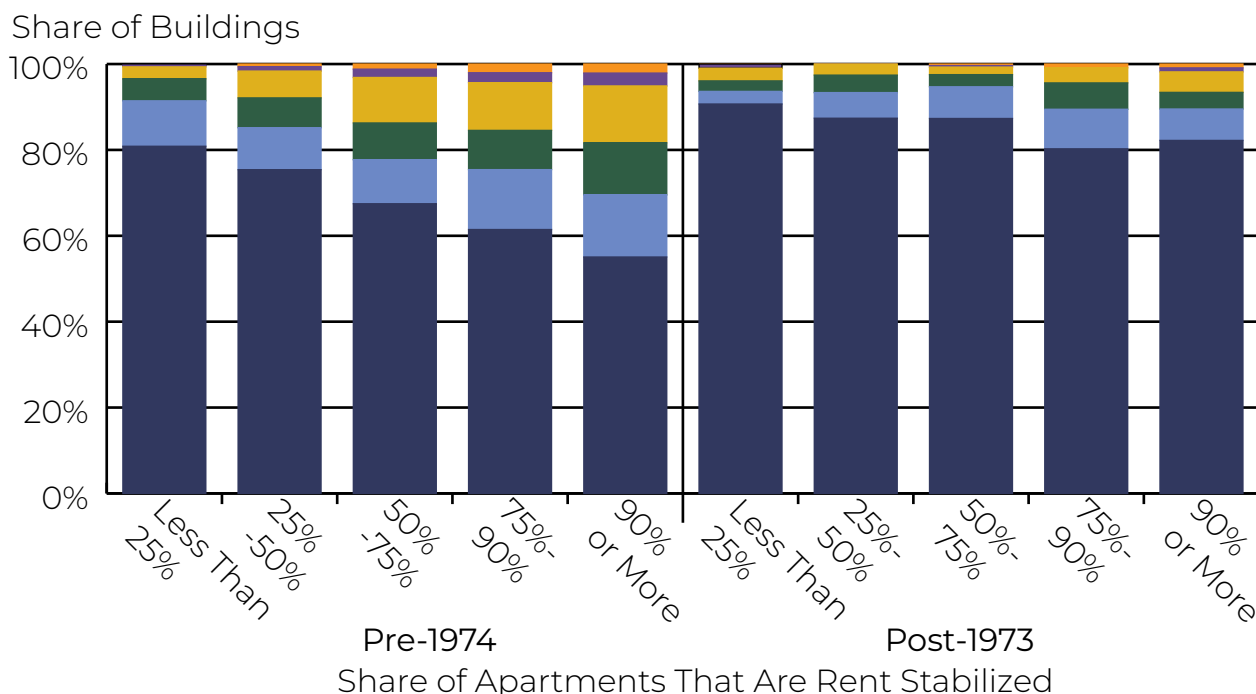
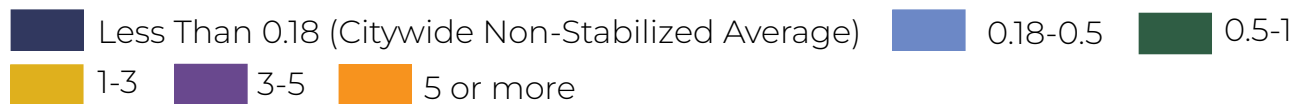
## Distress Indicators by Share of Building Apartments Subject to Rent Stabilization

IBO also considered how the share of a building subject to rent stabilization relates to indicators of distress. Figures 7 through 10 break down the distress indicators by the share of each building that is rent stabilized, again separating pre-1974 and post-1973 buildings.

- For pre-1974 buildings, rates of housing code violations increase as the share of the building that is stabilized increases. Still, the majority (55%) of pre-1974 buildings with over 90% of apartments rent stabilized have a violation rate below the citywide non-stabilized building average of 0.18 violations per apartment (see Figure 7).
- Among pre-1974 buildings, the share of buildings with ERP charges increases as the share of the building stabilized increases. About a third of pre-1974 buildings with over 90% rent stabilized apartments have ERP charges (see Figure 8).
- Pre-1974 buildings over 90% rent stabilized have a rate of AEP enrollment double the citywide non-stabilized rate of 2.4% (see Figure 9).

**FIGURE 7**

### Hazardous Housing Maintenance Code Violations in Rent Stabilized Buildings by Share of Apartments Stabilized



SOURCES: IBO analysis of HCR, HPD, and DCP data

NOTES: Includes all open class B and C violations with a notice of violation issued on or after January 1, 2023. Violation rates per apartment calculated based on total apartments in the building, both stabilized and market rate.

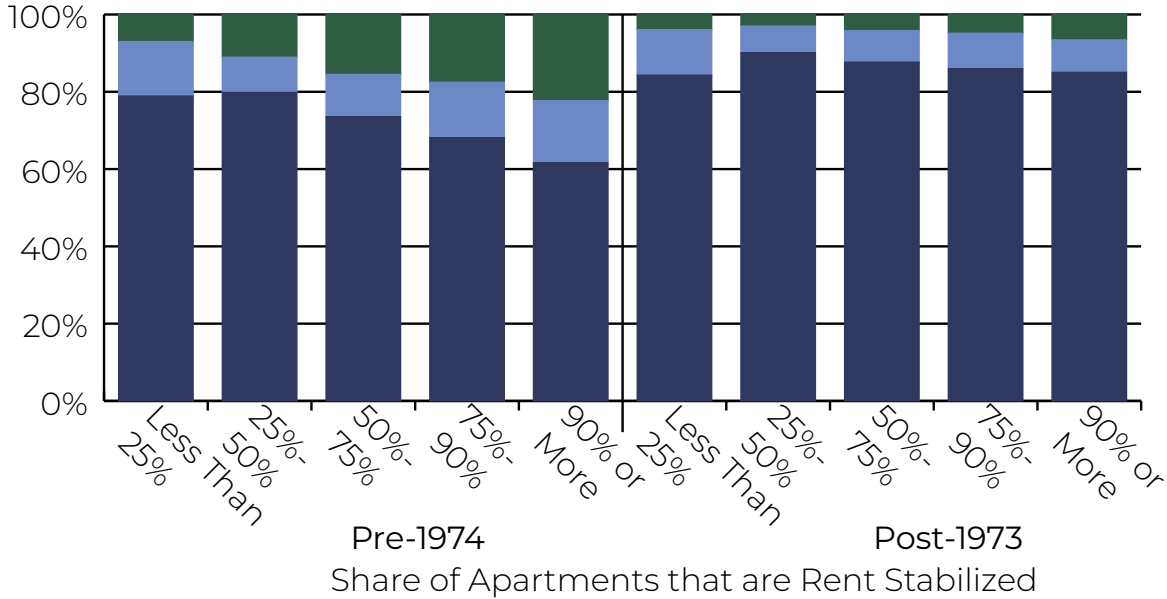
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**FIGURE 8**

**ERP Charges for Rent Stabilized Buildings by Share of Apartments Stabilized**

No ERP Charges
  Below Citywide Non-Stabilized Average
  Above Citywide Non-Stabilized Average

Share of Buildings



NOTES: Rent stabilized and non-stabilized average ERP charges reflect Open Market Order charges issued since January 1, 2023. The average charge per apartment for a non-stabilized building was \$75. Charges per apartment were based on the total number of apartments for the tax lot, both stabilized and market rate.

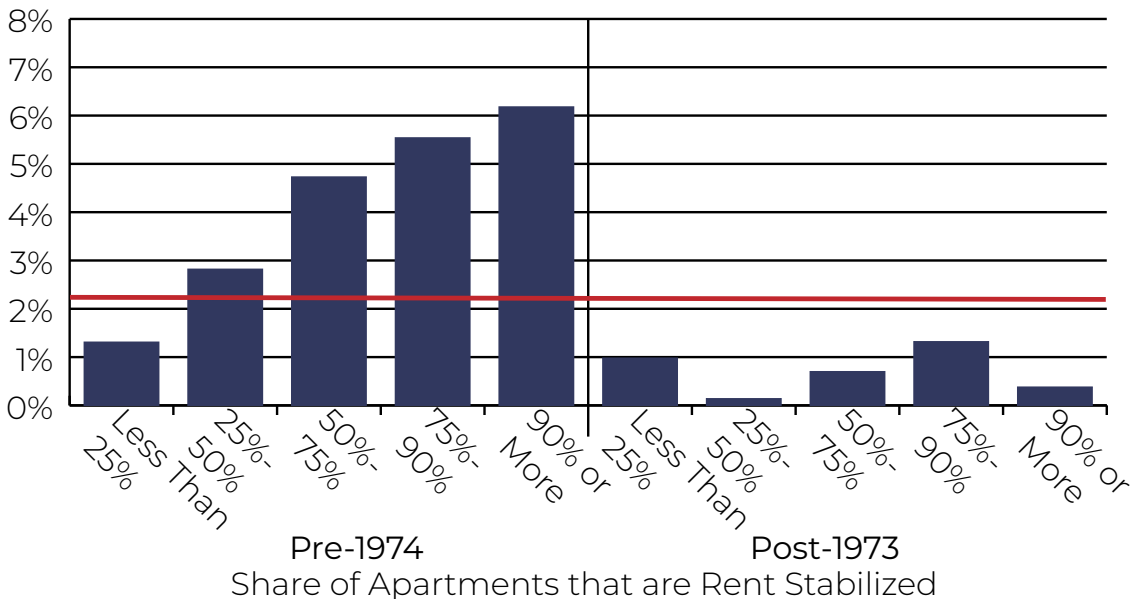
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**FIGURE 9**

**Rates of AEP Enrollment for Rent Stabilized Buildings by Share of Apartments Stabilized**

— Share of Non-Rent Stabilized Buildings With AEP Enrollment

Share of Buildings With AEP Enrollment

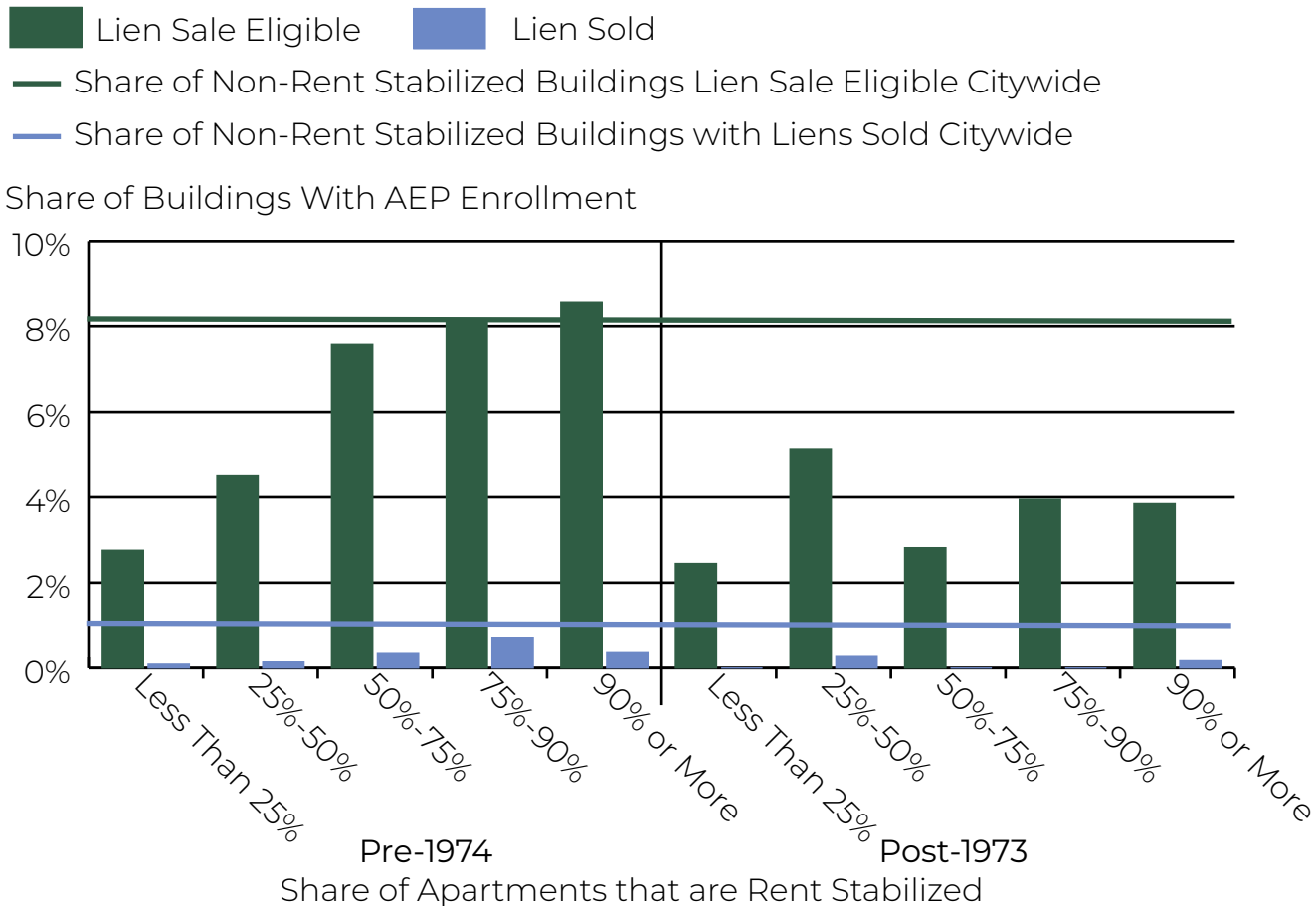


SOURCES Figures 8 & 9: IBO analysis of HCR, HPD, and DCP data  
NOTE: Includes past and present AEP enrollment.

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FIGURE 10

**Lien Sale Eligibility and Sales for Rent Stabilized Buildings by Share of Apartments Stabilized**



SOURCES: IBO analysis of HCR, DOF, and DCP data

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- About 8.6% of pre-1974 buildings over 90% stabilized were eligible for the 2025 lien sale, only slightly higher the average for non-stabilized multi-unit buildings citywide of 8.3%. All other categories are below the citywide rate for non-stabilized buildings, for both lien sale eligibility and liens sold (see Figure 10).
- As seen in [IBO’s Segments of the Rent Stabilized Housing Stock](#) report, most stabilized buildings were built pre-1974 and have 90% or more stabilized apartments. The fact that distress is more prevalent in these buildings has a greater impact on the stock overall.

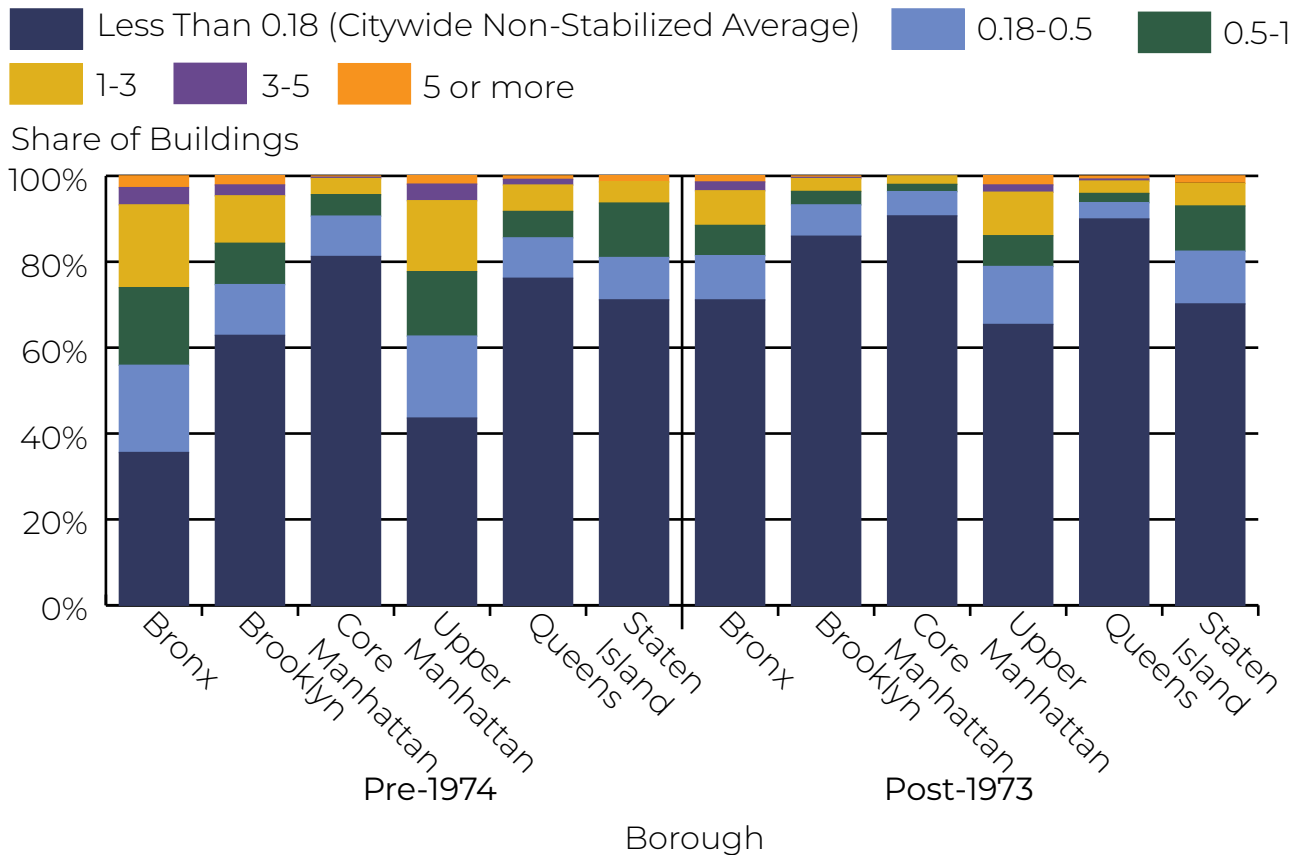
**Distress Indicators by Borough**

Figures 11 through 14 present distress indicators by borough. The Rent Guidelines Board separates Manhattan into Core and Upper Manhattan. Core Manhattan includes the area of Manhattan south of 96th Street on the east side of Central Park and 110th Street on the west side. Upper Manhattan is the area of Manhattan north of those boundaries.

Buildings in the Bronx and Upper Manhattan have worse violation rates than other areas, for both post-1973 and especially pre-1974 buildings (see Figure 11). Less than half of pre-

FIGURE 11

### Hazardous Housing Maintenance Code Violations in Rent Stabilized Buildings by Borough



SOURCES: IBO analysis of HCR, HPD, and DCP data

NOTES: Includes all open class B and C violations with a notice of violation issued on or after January 1, 2023. Violation rates per apartment calculated based on total apartments in the building, both stabilized and market rate.

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1974 buildings in the Bronx and Upper Manhattan have a lower violation rate than the citywide non-stabilized average. All other categories see a majority of buildings with a violation rate lower than the citywide average.

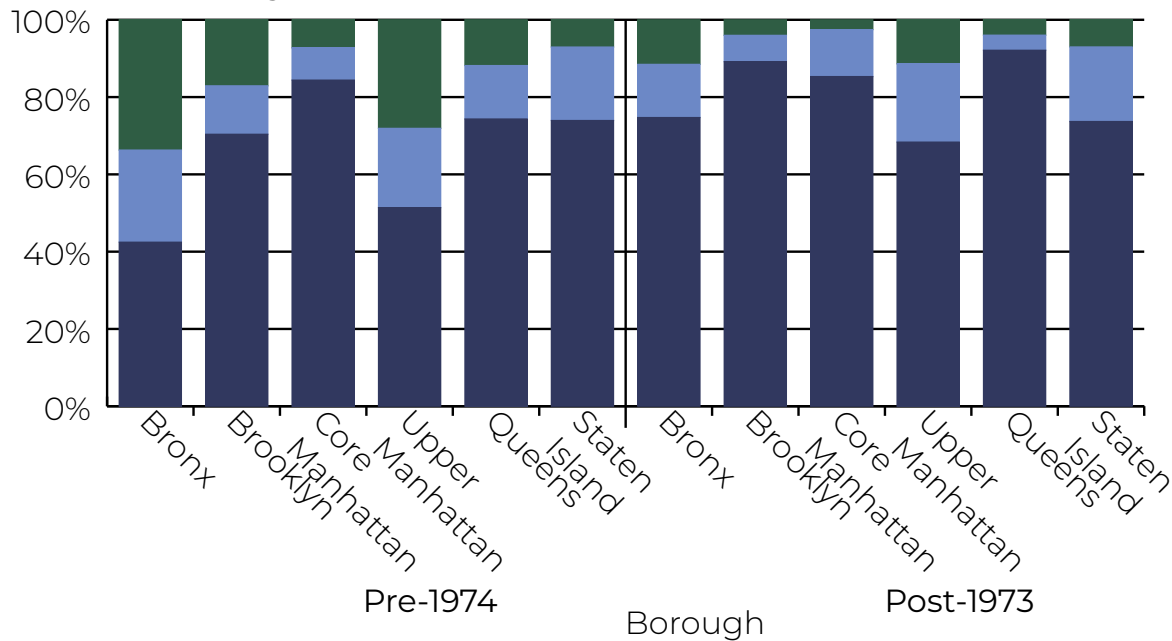
- About 50% of pre-1974 buildings in the Bronx and Upper Manhattan have ERP charges, much higher than the citywide non-stabilized building rate of 11%. Roughly 25% of pre-1974 buildings in the Bronx and Upper Manhattan have ERP charges greater than the citywide non-stabilized building average charges per apartment (see Figure 12).
- Pre-1974 buildings in the Bronx, Upper Manhattan, and Brooklyn have higher rates of AEP enrollment than the citywide non-stabilized building average. All other boroughs have a lower AEP enrollment rate than the citywide rate of 2.4% (see Figure 13).
- Pre-1974 rent stabilized buildings in the Bronx, Brooklyn, and Upper Manhattan had a higher rate of lien sale eligibility than non-stabilized buildings citywide in 2025. About 10% of pre-1974 rent stabilized buildings in the Bronx and Upper Manhattan were eligible for the lien sale. Post-1973 rent stabilized buildings in Upper Manhattan was the only category with a greater share of buildings with liens sold than its pre-1974 counterpart (see Figure 14).

FIGURE 12

ERP Charges for Rent Stabilized Buildings by Borough

No ERP Charges
  Below Citywide Non-Stabilized Average
  Above Citywide Non-Stabilized Average

Share of Buildings



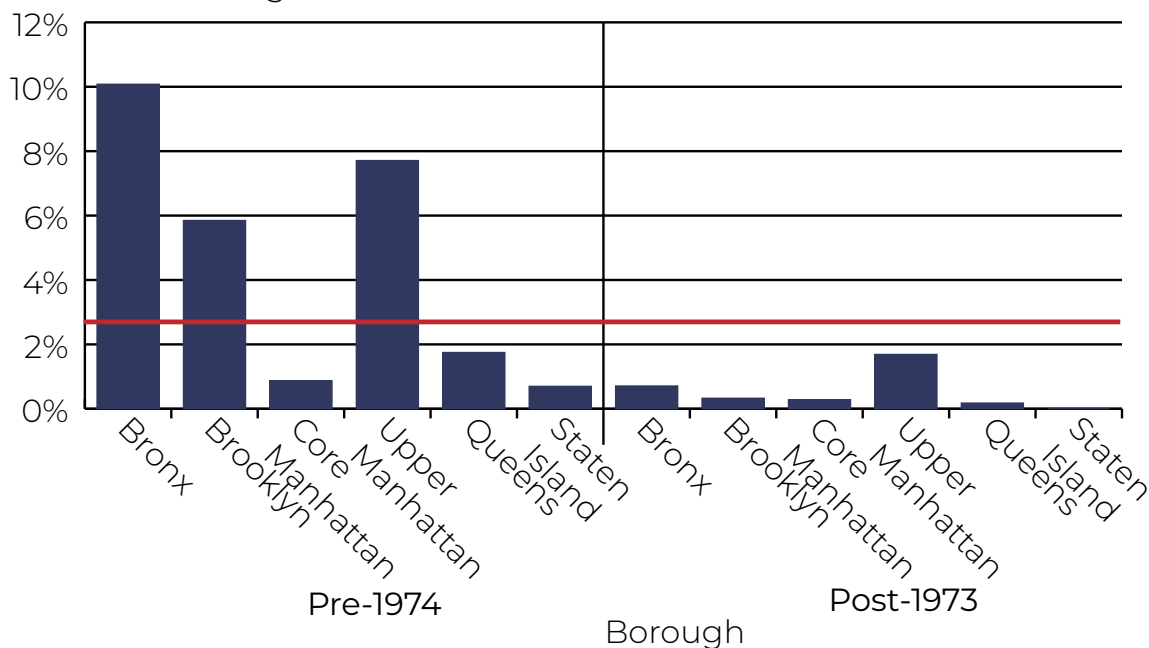
NOTES: Rent stabilized and non-stabilized average ERP charges reflect Open Market Order charges issued since January 1, 2023. The average charge per apartment for a non-stabilized building was \$75. Charges per apartment were based on the total.

FIGURE 13

Rates of AEP Enrollment for Rent Stabilized Buildings by Borough

Share of Non-Rent Stabilized Buildings With AEP Enrollment

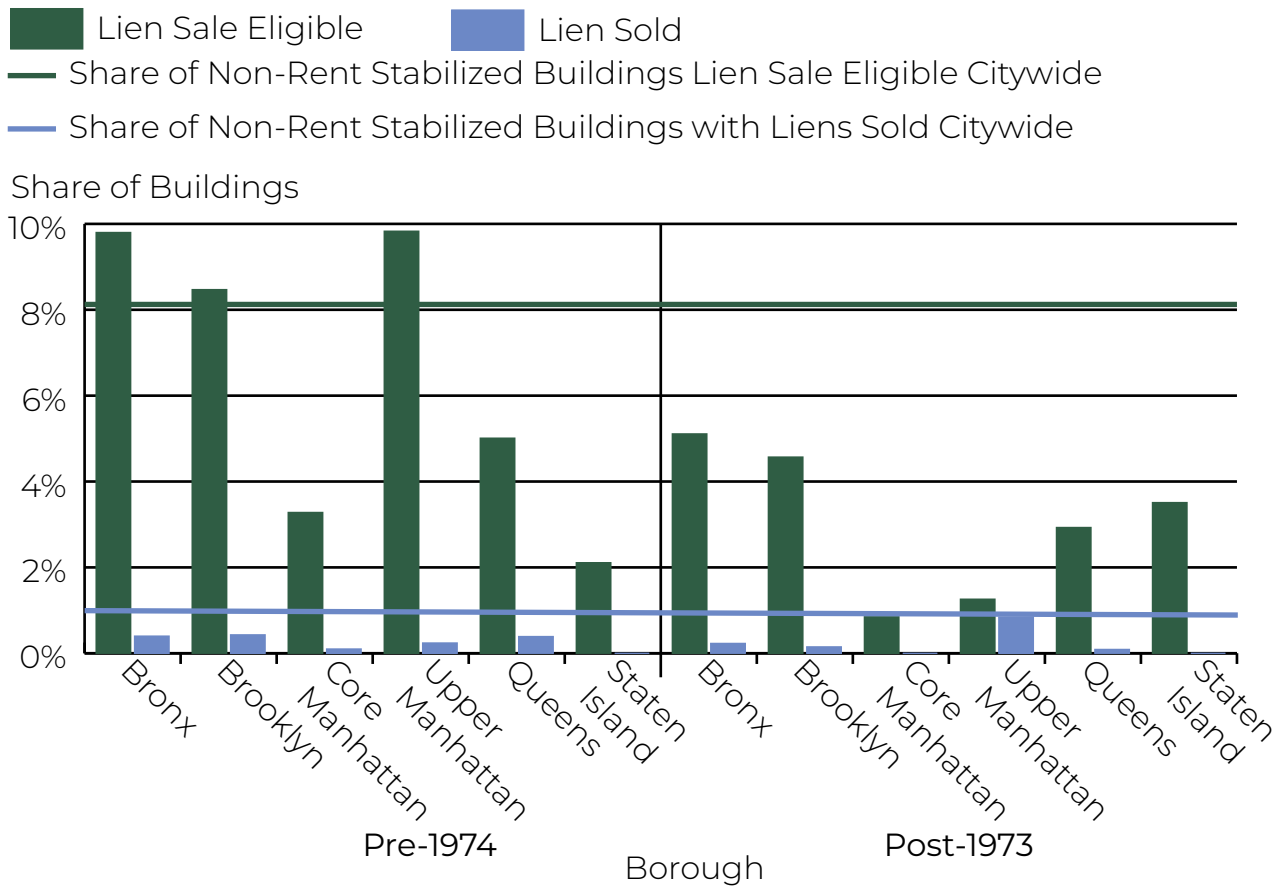
Share of Buildings



SOURCES Figures 12 & 13: IBO analysis of HCR, HPD, and DCP data  
 NOTES: Includes past and present AEP enrollment.

FIGURE 14

Lien Sale Eligibility and Sales for Rent Stabilized Buildings by Borough



SOURCES: IBO analysis of HCR, DOF, and DCP data

NOTES: Includes all open class B and C violations with a notice of violation issued on or after January 1, 2023. Violation rates per apartment calculated based on total apartments in the building, both stabilized and market rate.

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## Conclusion

Rent stabilized buildings vary widely in terms of age, rents, location, and share of the building stabilized. IBO found that conditions in most of the rent stabilized buildings is consistent with, or better than, citywide non-stabilized building averages across IBO’s indicators of distress. Overall, distress characterizes only a small share of the buildings containing New York City’s more than one million rent stabilized apartments.

IBO’s analysis showed that poor conditions are more concentrated within certain segments of the rent stabilized housing stock: buildings that are pre-1974, have lower rents for stabilized apartments, have greater shares of apartments rent stabilized, or are in the Bronx and Upper Manhattan. Even within these categories, however, the majority of buildings exhibit conditions comparable to or better than non-stabilized rental housing citywide. Housing quality challenges are not unique to rent stabilized housing, but are part of broader issues affecting rental housing across New York City.

Given the wide variation in both the characteristics and conditions of rent stabilized buildings, the rent guidelines primarily serve to provide tenants with predictability with their rents year-to-year, rather than addressing the differing physical and financial needs

of individual buildings. Distress within the rent stabilized stock is concentrated among a relatively small subset of lower-rent, highly subsidized properties, and similar building conditions are also present in parts of the non-stabilized housing stock as well. Policy tools to address distress thus require a deeper look at what underlies a particular subset of buildings’ problems. This would allow the City to consider policies to further preserve this housing for owners and tenants.



## Endnotes

<sup>1</sup>Recent research on distress in rent stabilized housing has largely focused on financial distress in specific subgroups of rent stabilization: Older, highly stabilized buildings in NYU Furman Center (February 2026), [Data Brief: Legacy 90%+ Rent-Stabilized Properties](#); government subsidized rent stabilized buildings in NYU Furman Center (February 2026), [Data Brief: Government-Subsidized, Income-Restricted Rent-Stabilized Properties](#); affordable housing owned by nonprofits in Boyle, Patrick and Agnes Kim (October 2025) [Distress in New York’s Affordable Housing Stock, Enterprise Community Partners](#); older stabilized buildings with indicators of speculation in Estes, Peter and Itzamna Huerta (December 2025), [Don’t Take Us Back: Examining History and Ownership in Rent Stabilized Housing](#), Association for Neighborhood & Housing Development.

Additional reporting highlighted concerns about housing quality in all types of housing, not limited to rent stabilized housing in Mironova, Oksana (February 2026), [Housing Distress is Widespread Across NYC’s Rental Market— Rent Regulation is Not to Blame](#), Community Service Society.

<sup>2</sup>IBO calculated separate citywide averages for each of the four distress metrics by rent stabilized status of the building. Many buildings have a mix of rent stabilized and market rate apartments, so a building with at least one rent stabilized apartment is counted as a rent stabilized building, regardless of the share of the building that is regulated. A building with no rent stabilized apartments was considered non-stabilized. IBO’s distress indicators are measured at the building level, making it impossible to identify averages for just market rate apartments across IBO’s distress indicators.

<sup>3</sup>New York City Administrative Code Chapter 4 Section 11-401.

<sup>4</sup>Spauster, P. (April 2026). [100 Days In, Mamdani’s Housing Chief Says City Hall Will Stand Up for Tenants—And Work With Real Estate](#). City Limits.

<sup>5</sup>The Rent Guidelines Board defines distressed buildings as buildings where annual income exceeds annual operating expenses. The 2026 Income and Expense Study found that 9.2% of rent stabilized buildings met this definition of distress.

<sup>6</sup>IBO’s analysis focused on residences with the status Multiple Dwelling A, defined as permanent residences, and excludes apartments with Multiple Dwelling B temporary residence status. IBO also excluded apartments indicated as exiting rent stabilization in 2025 to focus its analysis on apartments subject to rent stabilization going forward. Lastly, IBO excluded apartments where IBO identified outliers or errors in reporting.

<sup>7</sup>See endnote 1.

<sup>8</sup>IBO calculated median rents based on apartment legal rents, or a lower preferential rent if one is granted to the tenant.

Prepared By:  
**Sarah Internicola**



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