

2020 Price Index of Operating Costs

NYC RENT GUIDELINES BOARD • APRIL 23, 2020

PIOC and COVID-19

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PIOC for Rent Stabilized Apartments

Change In Costs for Buildings that Contain Rent Stabilized Apartments, April 2019 to March 2020

Taxes	5.9%
Labor Costs	3.2%
Fuel	-12.3%
Utilities	1.6%
Maintenance	4.8%
Administrative Costs	3.5%
Insurance Costs	16.5%
All Costs	3.7%

PIOC Cost Weights and Price Relatives

- In the PIOC, we identify prices for various items that are representative of the Operating Costs for Apartment Buildings in New York City.
- The importance of each of those items in calculating the PIOC is its **weight**. This should be based on how much owners have spent in the past for that category of expenses.
- The change in price or cost is referred to as a price relative.

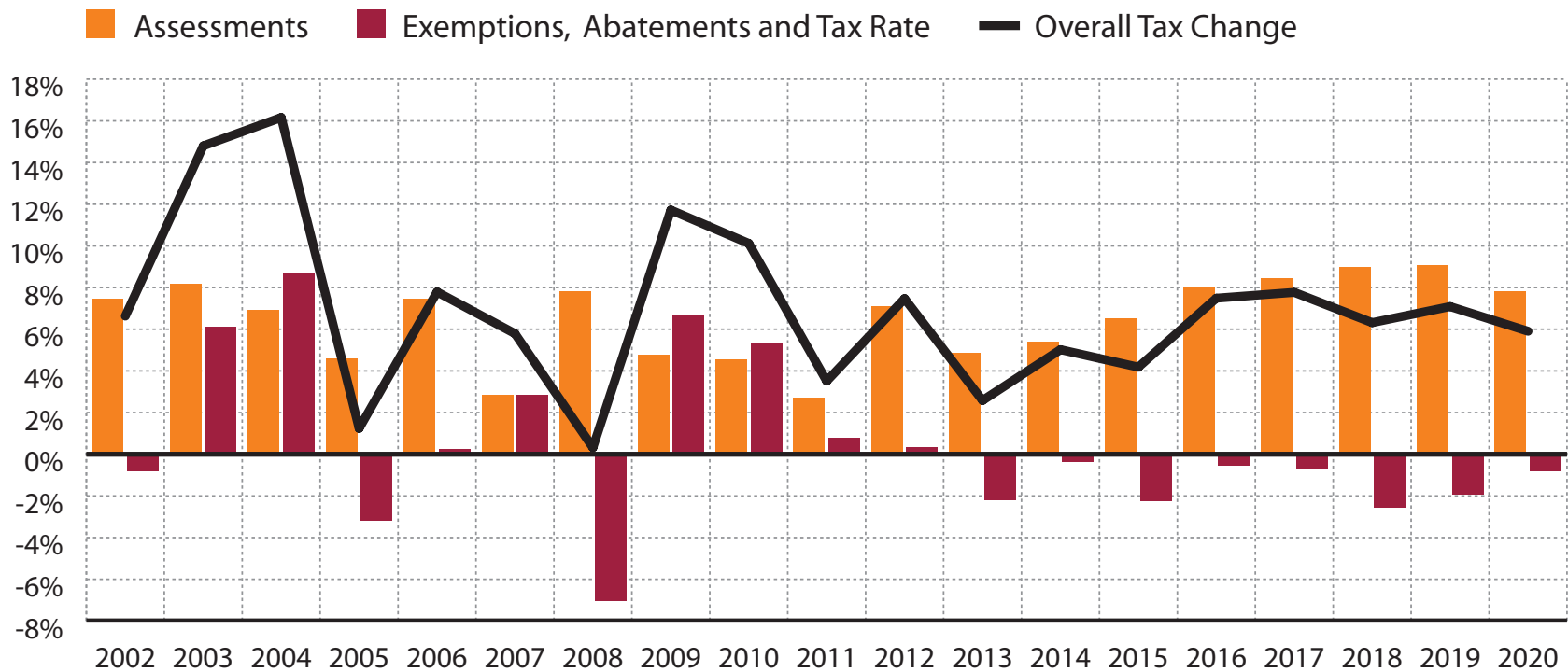
Taxes Increase 5.9%

Percentage Change in Real Estate Taxes by Borough, 2020

	% Change Due to Assessments	% Change Due to Tax Rate	% Change Due to Exemptions	Total % Change
Manhattan	7.1%	-1.1%	-0.3%	5.6%
Bronx	11.0%	-1.3%	-2.9%	6.4%
Brooklyn	10.9%	-1.1%	-2.9%	6.9%
Queens	7.1%	-1.1%	0.0%	5.9%
Staten Island	10.2%	-1.1%	-5.0%	4.9%
All Apartments	7.8%	-1.1%	-0.8%	5.9%

Assessments in Buildings that Contain Rent Stabilized Units Continue to Rise in 2020

Percent Change in Taxes due to Assessments and Exemptions/Abatements/Tax Rate, 2002-2020



Source: New York City Department of Finance

Labor Costs Rose 3.2% in 2020

Spec	Description	% Change
201	Payroll, Union Local 32B-J, (Bronx)	1.6%
202	Payroll, Union Local 32B-J, Super	2.3%
203	Payroll, Union Local 32B-J, Other	2.4%
204	Payroll, Other, Non-Union	4.2%
205	Social Security Insurance	3.0%
206	Unemployment Insurance	-7.9%
207	Private Health & Welfare	3.8%
	TOTAL LABOR COSTS	3.2%

Fuel Decreased 12.3%

- ✓ Fuel contains heating costs from fuel oil, natural gas and steam.
- ✓ Gas costs, which make up almost half of this component, decreased 15.3%.
- ✓ Fuel oil makes up 44% of this component. Fuel oil costs decreased 8.6%.
- ✓ Steam costs fell 15.0%.

Utilities Increased 1.6%

- ✓ The cost of non-heating electricity costs increased 0.4%.
- ✓ Non-heating gas costs fell 9.7%.
- ✓ 2.3% increase in the water and sewer rate.

Maintenance Increased 4.8%

- ✓ Includes painting and other services performed by contractors; hardware and cleaning items (e.g., buckets and pine disinfectant); and appliances that need periodic replacement (e.g., refrigerators and stoves).
- ✓ Painters' rates rose 8.1%, plumbers' rates rose 4.5%, and electrician services rose 3.4%.
- ✓ Boiler repairs rose 7.4%, floor maintenance rose by 0.8%, roof repair rose 5.4%, and extermination services rose 6.5%.

Administrative Costs Increased 3.5%

- ✓ Management fees increased 1.7%
- ✓ Accounting fees increased 3.3% and attorney fees by 8.5%.
- ✓ Communications increased 0.5%.

Insurance Costs Rose 16.5%

- ✓ Policies that cost more than \$6,000 saw an average increase in cost of 18.9% upon renewal.
- ✓ Buildings with policies of \$6,000 or less saw an increase of 3.7%.

Price Changes by Building Type, Apartments, 2020

Item Description	Pre-1947	Post-1946	Gas Heated	Oil Heated
TAXES	6.2%	5.3%	5.9%	5.9%
LABOR COSTS	3.3%	3.0%	3.3%	3.1%
FUEL	-12.2%	-12.6%	-15.3%	-8.6%
UTILITIES	1.8%	1.6%	1.7%	1.7%
MAINTENANCE	4.9%	4.5%	4.9%	4.8%
ADMINISTRATIVE COSTS	3.6%	3.2%	3.5%	3.5%
INSURANCE COSTS	16.5%	16.5%	16.5%	16.5%
ALL ITEMS	3.8%	3.6%	3.9%	3.7%

PIOC for All Rent Stabilized Hotels

Change In Costs for All Hotels that Contain Rent Stabilized Units, April 2019 to March 2020

Taxes	6.9%
Labor Costs	3.5%
Fuel	-11.2%
Utilities	0.7%
Maintenance	3.6%
Administrative Costs	2.1%
Insurance Costs	16.5%
All Costs	2.9%

Price Changes by Hotel Type, 2020

Item Description	“Traditional” Hotel	Rooming House	SRO
Taxes	8.6%	5.3%	5.3%
Labor Costs	3.9%	2.9%	3.3%
Fuel	-11.2%	-10.9%	-11.1%
Utilities	2.0%	-1.6%	1.6%
Maintenance	3.4%	4.0%	4.1%
Administrative Costs	1.8%	2.9%	2.7%
Insurance Costs	16.5%	16.5%	16.5%
ALL ITEMS	5.0%	2.5%	1.3%

PIOC for Rent Stabilized Lofts

Change In Costs for Rent Stabilized Lofts, April 2019 to March 2020

Taxes	5.9%
Labor Costs	3.6%
Fuel	-8.0%
Utilities	2.2%
Maintenance	4.8%
Admin. Costs - Legal	8.5%
Admin. Costs - Other	1.9%
Insurance Costs	16.5%
All Costs	6.2%

2020 Core PIOC

- ✓ The Core PIOC rose 5.1%.
- ✓ Does not include fuel costs for heating.
- ✓ The rise in the 2020 Core PIOC was 1.4 percentage points higher than the apartment PIOC (3.7%).
- ✓ Core PIOC rose at faster rate because it excludes the Fuel component decrease of 12.3%.

2021 PIOC Projection

*Projected Change In Costs for Buildings that
Contain Rent Stabilized Apartments,
April 2020 to March 2021*

Taxes	3.9%
Labor Costs	3.4%
Fuel	-11.7%
Utilities	0.4%
Maintenance	4.0%
Administrative Costs	2.9%
Insurance Costs	8.5%
All Costs	2.4%

Commensurate Rent Adjustment

“Net Revenue” Formula

no vacancy factor

One-Year Lease:	2.75%
Two-Year Lease:	5.5%

vacancy factor included

One-Year Lease:	2.5%
Two-Year Lease:	4.25%

Commensurate Rent Adjustment

“CPI-Adjusted NOI” Formula

no vacancy factor

One-Year Lease:	3.5%
Two-Year Lease:	6.75%

vacancy factor included

One-Year Lease:	3.0%
Two-Year Lease:	6.0%

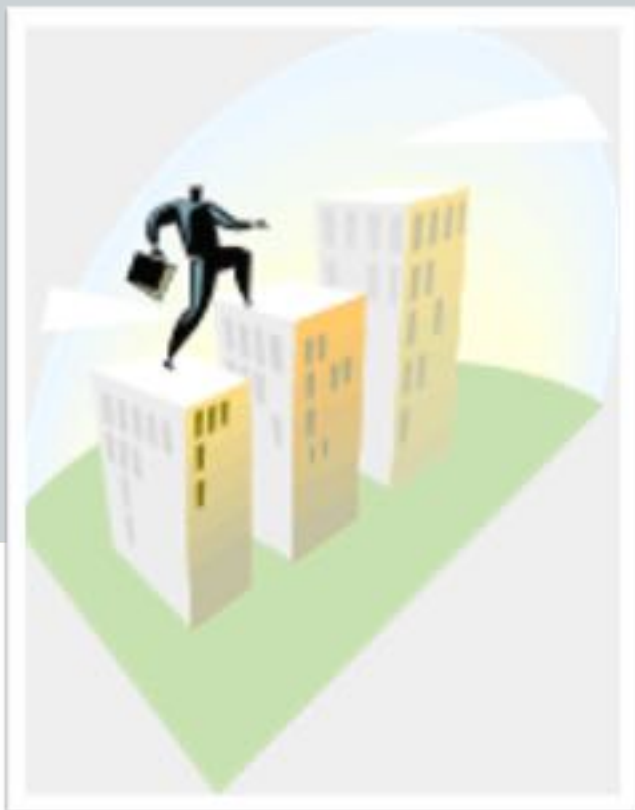
Commensurate Rent Adjustment

“Traditional” Formula

One-Year Lease:	2.5%
Two-Year Lease:	3.3%

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