



2021 Price Index of Operating Costs

NYC RENT GUIDELINES BOARD • APRIL 22, 2021

PIOC and COVID-19

The 2021 Price Index of Operating Costs (PIOC), published in April 2021, focuses on data from April 2020 to March 2021. It reflects the impact of the current health crisis on expense data for owners of rent stabilized apartments in New York City during this 12-month period.

PIOC for Rent Stabilized Apartments

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

Taxes	3.9%
Labor Costs	2.8%
Fuel	-3.3%
Utilities	2.1%
Maintenance	3.1%
Administrative Costs	-0.7%
Insurance Costs	18.8%
All Costs	3.0%

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.

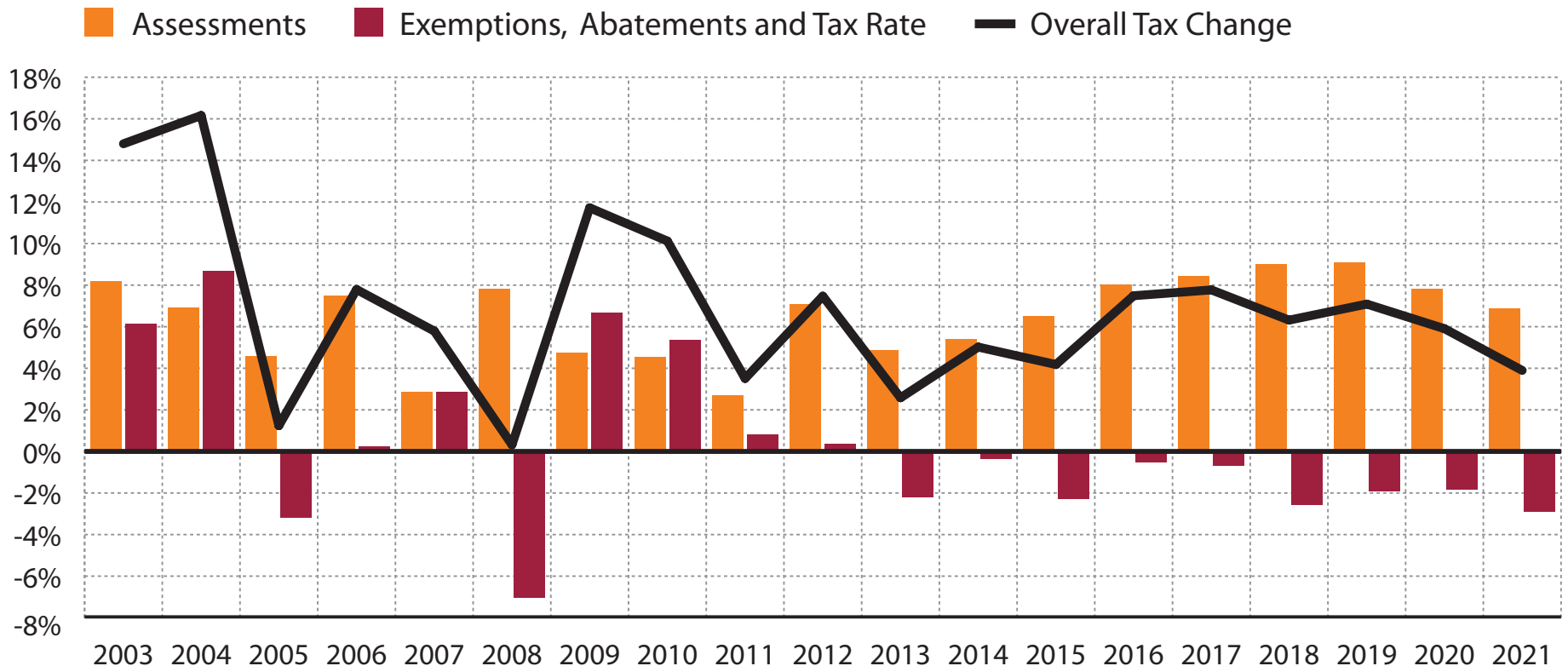
Taxes Increase 3.9%

Percentage Change in Real Estate Taxes by Borough, 2021

	% Change Due to Assessments	% Change Due to Tax Rate	% Change Due to Exemptions	Total % Change
Manhattan	5.7%	-1.6%	-0.5%	3.6%
Bronx	10.0%	-1.7%	-4.4%	4.2%
Brooklyn	10.5%	-1.7%	-3.6%	5.3%
Queens	6.5%	-1.7%	-1.0%	3.8%
Staten Island	8.6%	-1.7%	-2.0%	4.9%
All Apartments	6.9%	-1.6%	-1.4%	3.9%

Assessments in Buildings that Contain Rent Stabilized Units Continue to Rise in 2021

Percent Change in Taxes due to Assessments and Exemptions/Abatements/Tax Rate, 2003-2021



Source: New York City Department of Finance

Labor Costs Rose 2.8% in 2021

Spec	Description	% Change
201	Payroll, Union Local 32B-J, (Bronx)	2.2%
202	Payroll, Union Local 32B-J, Super	2.8%
203	Payroll, Union Local 32B-J, Other	5.0%
204	Payroll, Other, Non-Union	2.2%
205	Social Security Insurance	2.7%
206	Unemployment Insurance	6.2%
207	Private Health & Welfare	3.8%
	TOTAL LABOR COSTS	2.8%

Fuel Decreased 3.3%

- ✓ Fuel contains heating costs from fuel oil, natural gas and steam.
- ✓ Gas costs, which make up almost half of this component, increased 8.5%.
- ✓ Fuel oil makes up 46% of this component. Fuel oil costs decreased 16.1%.
- ✓ Steam costs rose 2.4%.

Utilities Increased 2.1%

- ✓ The cost of non-heating electricity costs increased 7.8%.
- ✓ Non-heating gas costs fell 1.0%.
- ✓ 0.0% increase in the water and sewer rate.

Maintenance Increased 3.1%

- ✓ 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 3.7%, plumbers' rates rose 2.9%, and electrician services rose 2.3%.
- ✓ Boiler repairs rose 2.5%, floor maintenance rose by 0.0%, roof repair rose 5.3%, and extermination services rose 0.0%.

Administrative Costs Decreased 0.7%

- ✓ Management fees decreased 5.1%
- ✓ Accounting fees increased 1.0% and attorney fees by 5.3%.
- ✓ Communications increased 2.2%.

Insurance Costs Rose 18.8%

- ✓ Policies that cost more than \$6,451 saw an average increase in cost of 20.9% upon renewal.
- ✓ Buildings with policies of \$6,451 or less saw an increase of 3.5%.

Price Changes by Building Type, Apartments, 2021

Item Description	Pre-1947	Post-1946	Gas Heated	Oil Heated
TAXES	4.3%	3.3%	3.9%	3.9%
LABOR COSTS	2.5%	3.4%	2.8%	2.8%
FUEL	-3.4%	-3.0%	8.5%	-16.1%
UTILITIES	1.5%	2.2%	1.8%	1.8%
MAINTENANCE	3.1%	3.0%	3.0%	3.1%
ADMINISTRATIVE COSTS	-0.5%	-1.6%	-0.7%	-0.7%
INSURANCE COSTS	18.8%	18.8%	18.8%	18.8%
ALL ITEMS	3.1%	2.7%	3.8%	1.6%

PIOC for All Hotels

Change In Costs for All Hotels that Contain Rent Stabilized Units, April 2020 to March 2021

Taxes	2.4%
Labor Costs	2.2%
Fuel	-4.4%
Utilities	1.9%
Maintenance	2.7%
Administrative Costs	-1.8%
Insurance Costs	18.8%
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All Costs	1.9%

Price Changes by Hotel Type, 2021

Item Description	“Traditional” Hotel	Rooming House	SRO
Taxes	1.6%	3.9%	3.0%
Labor Costs	2.6%	0.8%	1.7%
Fuel	-3.2%	-15.3%	-0.1%
Utilities	1.3%	2.4%	2.4%
Maintenance	2.6%	3.1%	2.7%
Administrative Costs	-1.9%	-1.3%	-1.7%
Insurance Costs	18.8%	18.8%	18.8%
ALL ITEMS	1.7%	2.0%	2.6%

PIOC for Rent Stabilized Lofts

Change In Costs for Rent Stabilized Lofts, April 2020 to March 2021

Taxes	3.9%
Labor Costs	2.6%
Fuel	-13.3%
Utilities	0.7%
Maintenance	3.6%
Admin. Costs - Legal	5.3%
Admin. Costs - Other	-4.0%
Insurance Costs	18.8%
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All Costs	5.1%

2021 Core PIOC

- ✓ The Core PIOC rose 3.5%.
- ✓ Does not include fuel costs for heating.
- ✓ The rise in the 2021 Core PIOC was 0.5 percentage points higher than the apartment PIOC (3.0%).
- ✓ Core PIOC rose at faster rate because it excludes the Fuel component decrease of 3.3%.

2022 PIOC Projection

*Projected Change In Costs for Buildings that
Contain Rent Stabilized Apartments,
April 2021 to March 2022*

Taxes	-5.0%
Labor Costs	3.7%
Fuel	7.8%
Utilities	1.6%
Maintenance	3.9%
Administrative Costs	2.1%
Insurance Costs	13.6%
All Costs	1.3%

Commensurate Rent Adjustment

“Net Revenue” Formula

no vacancy factor

One-Year Lease:	2.25%
Two-Year Lease:	4.5%

vacancy factor included

One-Year Lease:	2.0%
Two-Year Lease:	3.25%

Commensurate Rent Adjustment

“CPI-Adjusted NOI” Formula

no vacancy factor

One-Year Lease:	2.75%
Two-Year Lease:	5.75%

vacancy factor included

One-Year Lease:	2.5%
Two-Year Lease:	4.5%

Commensurate Rent Adjustment

“Traditional” Formula

One-Year Lease:	2.0%
Two-Year Lease:	2.4%



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