



# 2022 Price Index of Operating Costs

NYC RENT GUIDELINES BOARD • APRIL 14, 2022

# PIOC for Rent Stabilized Apartments

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

<b>Taxes</b>	<b>-3.7%</b>
<b>Labor Costs</b>	<b>4.1%</b>
<b>Fuel</b>	<b>19.6%</b>
<b>Utilities</b>	<b>5.8%</b>
<b>Maintenance</b>	<b>9.2%</b>
<b>Administrative Costs</b>	<b>6.7%</b>
<b>Insurance Costs</b>	<b>10.9%</b>
<b>All Costs</b>	<b>4.2%</b>

# 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.

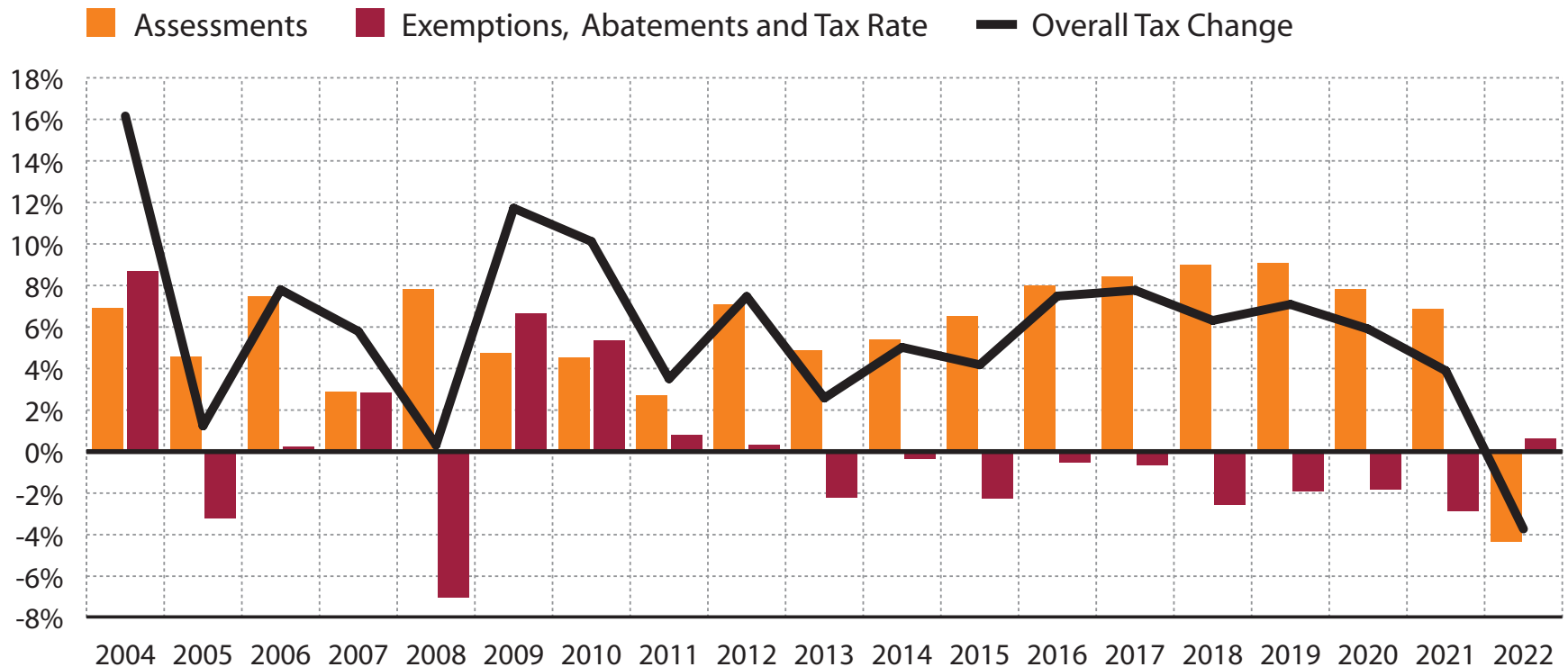
# Taxes Decrease 3.7%

## *Percentage Change in Real Estate Taxes by Borough, 2022*

	% Change Due to Assessments	% Change Due to Tax Rate	% Change Due to Exemptions	Total % Change
Manhattan	-5.1%	-0.2%	1.0%	-4.4%
Bronx	-4.9%	-0.3%	1.4%	-3.8%
Brooklyn	-0.6%	-0.3%	-0.6%	-1.4%
Queens	-3.0%	-0.3%	0.5%	-2.9%
Staten Island	-3.6%	-0.2%	-7.1%	-10.6%
<b>All Apartments</b>	<b>-4.3%</b>	<b>-0.3%</b>	<b>0.8%</b>	<b>-3.7%</b>

# Both Assessments and Overall Taxes Declined in 2022

## *Percent Change in Taxes due to Assessments and Exemptions/Abatements/Tax Rate, 2004-2022*



Source: New York City Department of Finance

# Labor Costs Rose 4.1% in 2022

Spec	Description	% Change
201	Payroll, Union Local 32B-J, (Bronx)	3.7%
202	Payroll, Union Local 32B-J, Super	2.9%
203	Payroll, Union Local 32B-J, Other	3.1%
204	Payroll, Other, Non-Union	3.6%
205	Social Security Insurance	3.5%
206	Unemployment Insurance	51.4%
207	Private Health & Welfare	4.3%
	<b>TOTAL LABOR COSTS</b>	<b>4.1%</b>

# Fuel Increased 19.6%

- ✓ Fuel contains heating costs from fuel oil, natural gas and steam.
- ✓ Gas costs, which make up more than half of this component, increased 22.6%.
- ✓ Fuel oil makes up 40% of this component. Fuel oil costs decreased 16.8%.
- ✓ Steam costs rose 12.8%.

# Utilities Increased 5.8%

- ✓ The cost of non-heating electricity increased 13.9%.
- ✓ Non-heating gas costs rose 18.7%.
- ✓ 2.76% increase in the water and sewer rate.



# Maintenance Increased 9.2%

- ✓ 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 4.4%, plumbers' rates rose 7.3%, and electrician services rose 10.3%.
- ✓ Boiler repairs rose 13.5%, floor maintenance rose by 20.8%, roof repair rose 23.4%, and extermination services rose 12.8%.

# Administrative Costs Increased 6.7%

- ✓ Management fees decreased 1.0%
- ✓ Accounting fees increased 2.7% and attorney fees by 24.2%.
- ✓ Communications increased 1.9%.

# Insurance Costs Rose 10.9%

- ✓ Policies that cost more than \$7,847 saw an average increase in cost of 11.4% upon renewal.
- ✓ Buildings with policies of \$7,847 or less saw an increase of 7.3%.

# Price Changes by Building Type, Apartments, 2022

Item Description	Pre-1947	Post-1946	Gas Heated	Oil Heated
TAXES	-3.9%	-3.4%	-3.7%	-3.7%
LABOR COSTS	4.2%	3.9%	4.1%	4.1%
FUEL	20.1%	17.9%	22.6%	16.8%
UTILITIES	4.8%	7.2%	5.6%	5.6%
MAINTENANCE	9.2%	9.5%	9.3%	9.2%
ADMINISTRATIVE COSTS	7.0%	5.5%	6.7%	6.7%
INSURANCE COSTS	10.9%	10.9%	10.9%	10.9%
<b>ALL ITEMS</b>	<b>4.1%</b>	<b>4.1%</b>	<b>4.1%</b>	<b>4.3%</b>

# PIOC for All Hotels

## *Change In Costs for All Hotels that Contain Rent Stabilized Units, April 2021 to March 2022*

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<b>Taxes</b>	<b>-14.0%</b>
<b>Labor Costs</b>	<b>3.6%</b>
<b>Fuel</b>	<b>15.0%</b>
<b>Utilities</b>	<b>7.0%</b>
<b>Maintenance</b>	<b>7.6%</b>
<b>Administrative Costs</b>	<b>2.7%</b>
<b>Insurance Costs</b>	<b>10.9%</b>
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<b>All Costs</b>	<b>-1.3%</b>

# Price Changes by Hotel Type, 2022

Item Description	“Traditional” Hotel	Rooming House	SRO
Taxes	-17.4%	-3.0%	-13.1%
Labor Costs	3.5%	3.8%	4.0%
Fuel	14.2%	18.0%	15.8%
Utilities	5.6%	8.9%	7.1%
Maintenance	7.2%	7.7%	8.8%
Administrative Costs	2.0%	4.7%	4.2%
Insurance Costs	10.9%	10.9%	10.9%
<b>ALL ITEMS</b>	<b>-6.0%</b>	<b>4.6%</b>	<b>3.6%</b>

# PIOC for Rent Stabilized Lofts

## *Change In Costs for Rent Stabilized Lofts, April 2021 to March 2022*

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<b>Taxes</b>	<b>-3.7%</b>
<b>Labor Costs</b>	<b>3.7%</b>
<b>Fuel</b>	<b>16.8%</b>
<b>Utilities</b>	<b>4.3%</b>
<b>Maintenance</b>	<b>8.1%</b>
<b>Admin. Costs - Legal</b>	<b>24.2%</b>
<b>Admin. Costs - Other</b>	<b>-0.2%</b>
<b>Insurance Costs</b>	<b>10.9%</b>
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<b>All Costs</b>	<b>5.3%</b>

# 2022 Core PIOC

- ✓ The Core PIOC rose 3.0%.
- ✓ Does not include fuel costs for heating.
- ✓ The rise in the 2022 Core PIOC was 1.2 percentage points lower than the apartment PIOC (4.2%).
- ✓ Core PIOC rose at slower rate because it excludes the Fuel component increase of 19.6%.



# 2023 PIOC Projection

*Projected Change In Costs for Buildings that  
Contain Rent Stabilized Apartments,  
April 2022 to March 2023*

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<b>Taxes</b>	<b>5.1%</b>
<b>Labor Costs</b>	<b>3.9%</b>
<b>Fuel</b>	<b>-1.7%</b>
<b>Utilities</b>	<b>2.4%</b>
<b>Maintenance</b>	<b>5.7%</b>
<b>Administrative Costs</b>	<b>3.1%</b>
<b>Insurance Costs</b>	<b>15.4%</b>
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<b>All Costs</b>	<b>4.7%</b>

# Commensurate Rent Adjustment

- Combines various data concerning operating costs, revenues, and inflation into a single measure to determine how much rents would have to change for net operating income (NOI) to remain constant.
- Designed to adjust rent in rent stabilized units only.
- Provides a set of illustrative one- and two-year rent adjustments to compensate owners for the change in prices measured by the PIOC while keeping NOI constant.

# Commensurate Rent Adjustment

## “Net Revenue” Formula

no vacancy factor

<b>One-Year Lease:</b>	<b>3.0%</b>
<b>Two-Year Lease:</b>	<b>6.0%</b>

vacancy factor included

<b>One-Year Lease:</b>	<b>3.0%</b>
<b>Two-Year Lease:</b>	<b>6.0%</b>

# Commensurate Rent Adjustment

## “CPI-Adjusted NOI” Formula

no vacancy factor

**One-Year Lease: 4.5%**

**Two-Year Lease: 9.0%**

vacancy factor included

**One-Year Lease: 4.5%**

**Two-Year Lease: 9.0%**

# Commensurate Rent Adjustment

## “Traditional” Formula

<b>One-Year Lease:</b>	<b>2.7%</b>
<b>Two-Year Lease:</b>	<b>4.3%</b>



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