



2023 Price Index of Operating Costs

NYC RENT GUIDELINES BOARD • APRIL 20, 2023

PIOC for Rent Stabilized Apartments

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

Taxes	7.7%
Labor Costs	2.9%
Fuel	19.9%
Utilities	8.8%
Maintenance	9.4%
Administrative Costs	3.3%
Insurance Costs	12.9%
All Costs	8.1%

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 is 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.

2023 PIOC Data Sources

Percentage of Data Collected from PIOC Data Sources

Government Agencies	37%
Vendors and Contractors	28%
Unions and Utility Companies	14%
Owners of Rent Stabilized Buildings	21%

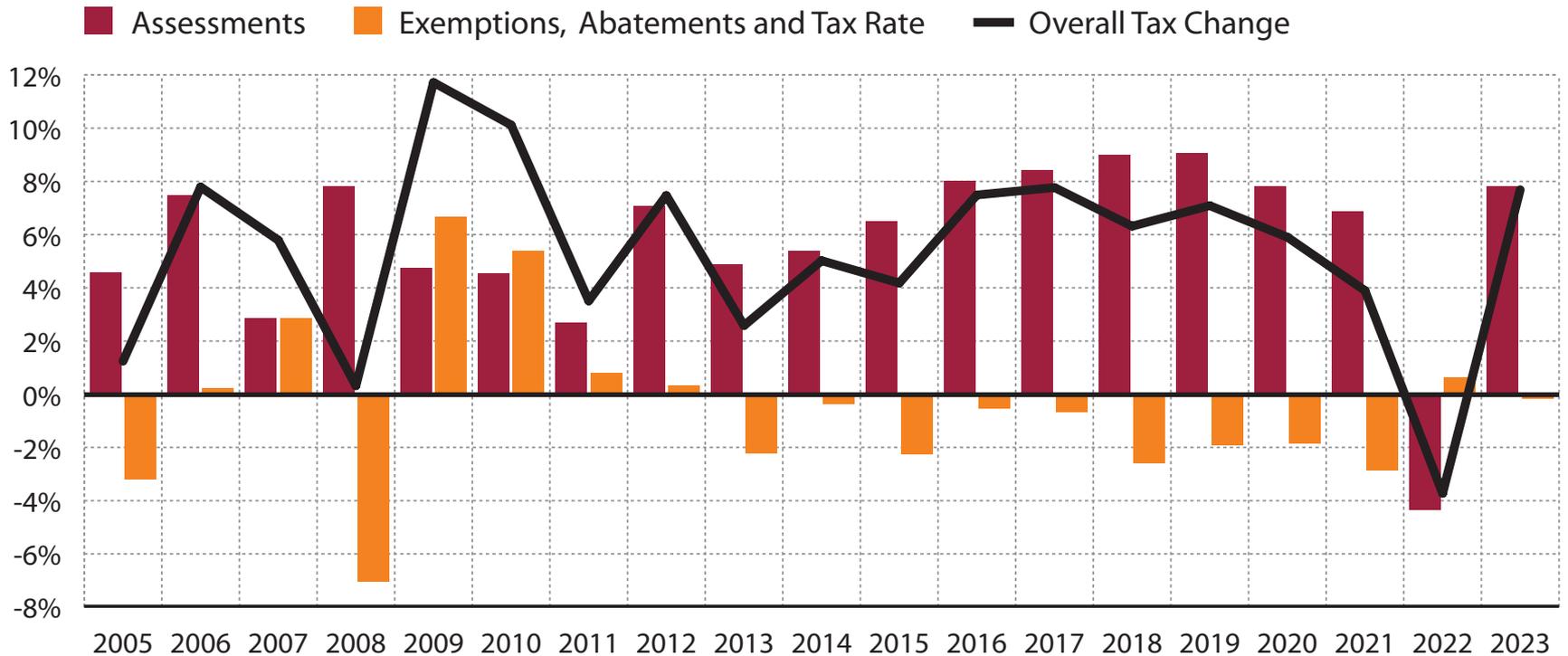
Taxes Increase 7.7%

Percentage Change in Real Estate Taxes by Borough, 2023

	% Change Due to Assessments	% Change Due to Tax Rate	% Change Due to Exemptions	% Change Due to Abatements	Total % Change
Manhattan	6.2%	0.2%	0.3%	0.0%	6.8%
Bronx	10.4%	0.2%	-1.3%	0.6%	9.9%
Brooklyn	11.5%	0.3%	-1.2%	-0.4%	10.3%
Queens	8.7%	0.3%	-0.2%	-1.1%	7.8%
Staten Island	10.8%	0.3%	-1.2%	0.0%	9.9%
All Apts.	7.8%	0.3%	-0.1%	-0.3%	7.7%

Both Assessments and Overall Tax Change Rose in 2023

Percent Change in Taxes due to Assessments and Exemptions/Abatements/Tax Rate, 2005-2023



Source: New York City Department of Finance

Labor Costs Rose 2.9% in 2023

Spec	Description	% Change
201	Payroll, Union Local 32B-J, (Bronx)	2.2%
202	Payroll, Union Local 32B-J, Super	2.4%
203	Payroll, Union Local 32B-J, Other	2.5%
204	Payroll, Other, Non-Union	3.3%
205	Social Security Insurance	3.1%
206	Unemployment Insurance	-18.6%
207	Private Health & Welfare	3.9%
	TOTAL LABOR COSTS	2.9%

Fuel Increased 19.9%

- ✓ Fuel contains heating costs from fuel oil, natural gas and steam.
- ✓ Gas costs, which make up 70.4% of this component, increased 18.6%.
- ✓ Fuel oil makes up 29.1% of this component and increased 23.3%.
- ✓ Steam costs rose 3.9%.

Changes to the Fuel Component Item Weights

- ✓ Expenditure survey of fuel costs was included in last year's owner survey.
- ✓ Less weight to fuel oil and steam, more to natural gas.

Utilities Increased 8.8%

- ✓ The cost of non-heating electricity increased 16.2%.
- ✓ Non-heating gas costs rose 25.4%.
- ✓ 4.9% increase in the water and sewer rate.

Maintenance Increased 9.4%

- ✓ Includes services performed by contractors (e.g., painters and plumbers; hardware and cleaning items (e.g., buckets and pine disinfectant); and appliances that need periodic replacement (e.g., refrigerators and stoves).
- ✓ Painters' rates rose 12.8%, plumbers' rates rose 8.3%, and electrician services rose 5.2%.
- ✓ Boiler repairs rose 13.9%, floor maintenance rose by 15.6%, and roof repair rose 8.9%.

Administrative Costs Rose 3.3%

- ✓ Attorney fees increased 5.4% and accounting fees by 4.4%.
- ✓ Communications increased 1.1%.
- ✓ Management fees decreased 0.9%

Insurance Costs Rose 12.9%

- ✓ Policies that cost more than \$8,274 saw an average increase in cost of 13.2% upon renewal.
- ✓ Buildings with policies of \$8,274 or less saw an increase of 10.6%.

Price Changes by Building Type, Apartments, 2023

Item Description	Pre-1974	Post-1973	Gas Heated	Oil Heated
TAXES	7.2%	12.1%	7.7%	7.7%
LABOR COSTS	2.9%	2.9%	2.9%	2.9%
FUEL	20.0%	16.9%	18.6%	23.3%
UTILITIES	8.2%	11.0%	10.4%	11.6%
MAINTENANCE	9.5%	8.9%	9.5%	9.4%
ADMINISTRATIVE COSTS	3.3%	3.1%	3.3%	3.3%
INSURANCE COSTS	12.9%	12.9%	12.9%	12.9%
ALL ITEMS	8.2%	8.1%	8.0%	9.0%

PIOC for All Hotels

Change In Costs for All Hotels that Contain Rent Stabilized Units, April 2022 to March 2023

Taxes	5.1%
Labor Costs	3.0%
Fuel	21.0%
Utilities	9.9%
Maintenance	9.3%
Administrative Costs	2.8%
Insurance Costs	12.9%
All Costs	8.3%

Price Changes by Hotel Type, 2023

Item Description	“Traditional” Hotel	Rooming House	SRO
Taxes	4.9%	5.2%	5.3%
Labor Costs	2.9%	3.4%	3.1%
Fuel	20.5%	25.1%	19.8%
Utilities	7.6%	13.6%	9.3%
Maintenance	9.7%	9.0%	8.3%
Administrative Costs	2.7%	3.6%	2.9%
Insurance Costs	12.9%	12.9%	12.9%
ALL ITEMS	7.3%	9.9%	8.9%

PIOC for Rent Stabilized Lofts

Change In Costs for Rent Stabilized Lofts, April 2022 to March 2023

Taxes	7.7%
Labor Costs	3.1%
Fuel	20.0%
Utilities	6.3%
Maintenance	9.3%
Admin. Costs - Legal	5.4%
Admin. Costs - Other	0.6%
Insurance Costs	12.9%
All Costs	9.0%

2023 Core PIOC

- ✓ The Core PIOC rose 7.2%.
- ✓ Does not include fuel costs for heating.
- ✓ The rise in the 2023 Core PIOC was 0.9 percentage points lower than the apartment PIOC (8.1%).
- ✓ Core PIOC rose at slower rate because it excludes the Fuel component increase of 19.9%.

2024 PIOC Projection

*Projected Change In Costs for Buildings that
Contain Rent Stabilized Apartments,
April 2023 to March 2024*

Taxes	2.9%
Labor Costs	3.9%
Fuel	-8.1%
Utilities	1.1%
Maintenance	7.2%
Administrative Costs	3.0%
Insurance Costs	14.2%
All Costs	3.7%

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) of rent stabilized apartments to remain constant.
- Provides a set of illustrative one- and two-year rent adjustments that would hypothetically compensate owners for the change in prices measured by the PIOC while keeping NOI constant.

Commensurate Rent Adjustment

- Commensurate adjustments do NOT constitute staff or Board recommendations for guideline adjustments.
- The various data points presented in the *2023 PIOC*, and other, Rent Guidelines Board annual research reports, supplementary data sources, in addition to public testimony, can all be considered to determine appropriate rent adjustments.

Commensurate Rent Adjustment

“Net Revenue” Formula

no vacancy factor

One-Year Lease:	6.0%
Two-Year Lease:	11.5%

vacancy factor included

One-Year Lease:	5.75%
Two-Year Lease:	11.0%

Commensurate Rent Adjustment

“CPI-Adjusted NOI” Formula

no vacancy factor

One-Year Lease:	8.5%
Two-Year Lease:	16.0%

vacancy factor included

One-Year Lease:	8.25%
Two-Year Lease:	15.75%

Commensurate Rent Adjustment

“Traditional” Formula

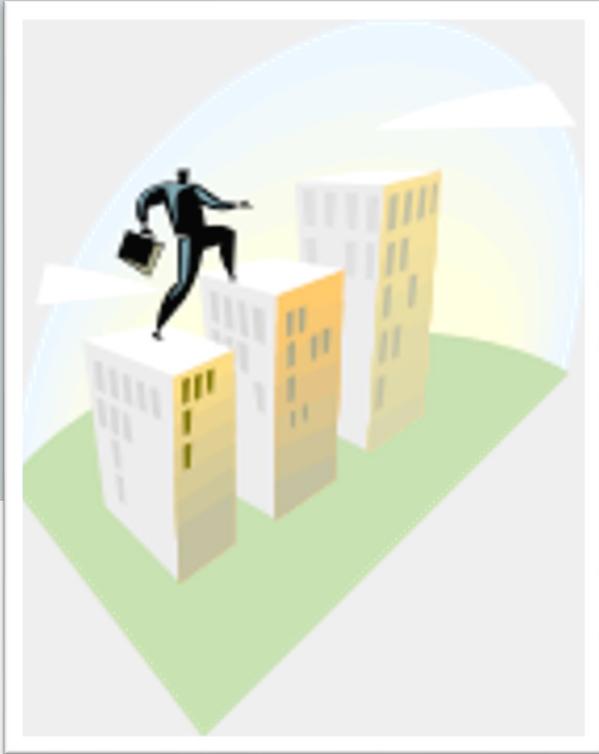
One-Year Lease:	5.3%
Two-Year Lease:	6.6%

2023 PIOC Summary

- ✓ The Price Index of Operating Costs for Rent Stabilized Apartment Buildings rose 8.1%.
- ✓ The growth in the Consumer Price Index (CPI), which measures inflation in a wide range of consumer goods and services was lower than the PIOC, rising 6.2% during this same time period.
- ✓ Overall costs in natural-gas heated buildings increased 8.0%, while overall costs in fuel-oil heated buildings increased 9.0%.

2023 PIOC Summary

- ✓ The PIOC for Pre-1974 and Post-1973 buildings were nearly the same, rising 8.2% and 8.1% respectively.
- ✓ The Core PIOC rose by 7.2% this year.
- ✓ The PIOC for buildings that contain rent stabilized apartments is projected to increase 3.7% next year.



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