2015 Price Index of Operating Costs

April 16, 2015

Board Members

Staff Members

Executive Director:
Andrew McLaughlin

Research Director:
Brian Hoberman

Sr. Research Associate:
Danielle Burger

Office Manager:
Leon Klein

51 Chambers Street, Suite 202, New York, NY 10007 • 212-385-2934 • nycrgb.org

2015 Price Index Of Operating Costs

What's New

- ✔ The Price Index of Operating Costs (PIOC) for Rent Stabilized Apartment Buildings increased 0.5% this year.
- ✔ The apartment PIOC expenditure weights were updated using RPIE data.
- ✔ Costs in natural-gas heated buildings increased 1.7% and costs in fuel-oil heated buildings declined 0.4%.
- ✔ The "core" PIOC, which excludes the erratic changes in fuel oil prices, natural gas, and electricity costs, is useful for analyzing inflationary trends. The core rose by 3.6% this year.
- ✔ Fuel costs decreased 21.0%.
- ✔ Real estate taxes increased 4.2% due to a rise in assessments for Class Two properties.
- ✔ The Utilities component increased by 1.2%, due to an increase in water and sewer rates.
- ✔ Insurance Costs increased by 7.2%.
- ✔ The Price Index of Operating Costs for Rent Stabilized Apartment Buildings is projected to increase 4.2% next year.

Introduction

The NYC Rent Guidelines Board's (RGB) *Price Index of Operating Costs (PIOC)* gathers prices for a market basket of goods and services used in the operation and maintenance of rent stabilized buildings in NYC and uses these prices to estimate cost/price changes from one year to the next. Changes in the overall PIOC result from changes in the prices of individual goods and services, each weighted by its relative importance as a percentage of total operating and maintenance (O&M) expenditures. This is the same approach used by the Consumer Price Index (CPI) and other similar indices, but the PIOC specifically analyzes the goods and services typically purchased by owners of buildings containing rent stabilized units.

The PIOC has historically been made up of nine cost components, and within each of these components, individual expense items. Components are the categories of good and services, such as Taxes and Labor Costs, which comprise the market basket of goods of the Price Index. Each component is then comprised of items that represent individual goods and services within a component. For example the Labor Costs component contains items for union and non-union wages; social security and unemployment insurance; and health and welfare benefits. (See Appendix 2 for all components and items used in the *2015 PIOC*.)

The Price Index of Operating Costs for Rent Stabilized Apartment Buildings rose ...

Every PIOC over the last 30 years has been based on a survey of expenditure patterns of owners dating from 1983. This survey asked owners, in detail, about their specific operating expenses. From this data, weights were allocated to specific cost components (such as taxes, labor, etc.), as well as to specific items within each of these components (as explained above). Although these expenditure weights were revised each year (based on the findings of the prior year's survey), and there had been some minor changes to expenditure items since 1983, staff determined over the past few years that the PIOC was no longer representative of expenditure patterns that are prevalent today.[1]

In order to reflect current expenditure patterns, the RGB staff, for the first time, used the expenditure patterns presented in the *2015 Income and Expense (I&E) Study* to update the component weights for the apartment *2015 PIOC*. The I&E provides an analysis of expenses as reported by owners in the Real Property Income and Expense (RPIE) statements (as required by Local Law 63, enacted in 1986). These statements are submitted annually to the NYC

Terms and Definitions

Price Index - the measure of price change in a market basket of goods and services.

Component - categories of goods and services, such as Labor Costs or Taxes, that comprise the market basket of a price index.

Item - representative individual goods and services within a component, such as Pushbroom, Plumbing, Faucet or Roof Repair.

Price Relative - the ratio of current and prior year's prices.

Expenditure Weight - the relative importance of the change in costs of different goods and services.

Specification - defined pricing units with specific terms of sale, such as cash, volume or trade discounts.

Department of Finance and represent reported expenses by building owners with stabilized units, based on the most recent completed calendar year at the time of filing. Going forward, RGB staff will use this annual data to update the PIOC expenditure weights each year, ensuring that future indices will contain current expenditure patterns.[2]

As a result of updating the owners' expenditure patterns, it is important to note that the PIOC now contains seven expense components, instead of the traditional nine components presented in previous PIOCs. However, the individual items priced in this year's PIOC are the same items that were included in last year's price index. Where appropriate, they have simply been allocated to new components. Taxes, Labor Costs and Insurance Costs are the only components that contain the same items as in previous PIOCs, and therefore the only components that can be directly compared to previous price indices. A detailed breakdown of the items in each component is contained in the Methodology section of this report and can be found in Appendix 2.

It is also important to note that the update to expenditure patterns is only for the Apartment PIOC. Since staff was unable to obtain sufficient I&E data to update either the PIOC for Lofts or the PIOC for Hotels, the methodology used to calculate the loft and hotel indices is the same as in previous PIOCs. However, in order to maintain symmetry between indices, the expense items were aligned to the seven components now used in the Apartments PIOC.

As always, the importance of each index component is shown by its "expenditure weight" (see Appendix 2). The measured 2014-15 price changes in each index component are also presented in this appendix. The expenditure weights and the 2014-15 price changes are then combined to provide the overall change in the PIOC over the period from 2014-15.

Apartments

Change In Costs for Rent Stabilized Apartment Buildings, March 2014 to March 2015

Taxes	4.2%
Labor Costs	3.8%
Fuel	-21.0%
Utilities	1.2%
Maintenance	3.0%
Administrative Costs	3.9%
Insurance Costs	7.2%
All Costs	**0.5%**

Overview

This year, the PIOC for all rent stabilized apartment buildings increased by 0.5%. Increases occurred in all PIOC components except Fuel, which declined by 21.0%. The largest increase in any component was seen in Insurance Costs (7.2%). More moderate increases occurred in Taxes (4.2%), Administrative Costs (3.9%), Labor Costs (3.8%), Maintenance (3.0%) and Utilities (1.2%). The growth in the Consumer Price Index (CPI) during this same time period was higher than the PIOC, rising 1.0%.[3] See the adjacent table and Appendix 2 for changes in costs and prices for all rent stabilized apartment buildings from 2014-15.

The "core" PIOC, which excludes erratic changes in fuel oil, natural gas, and electricity costs used for heating buildings, is useful for analyzing long-term inflationary trends. The core PIOC rose by 3.6% this year and was higher than the overall PIOC due to the exclusion of the costs in the Fuel component, which declined 21.0%.

As previously noted, this year staff updated the expenditure patterns used in the Apartment PIOC with data from RPIE statements. This resulted in an overall PIOC of 0.5%. Had the PIOC not been reweighted to reflect current expenditure patterns, the PIOC would have been –1.1%, 1.6 percentage points lower, primarily because the cost of fuel oil went down 23.4% and it accounted for a larger share of overall expenses in the previous PIOC methodology.

Price Index Components

Taxes

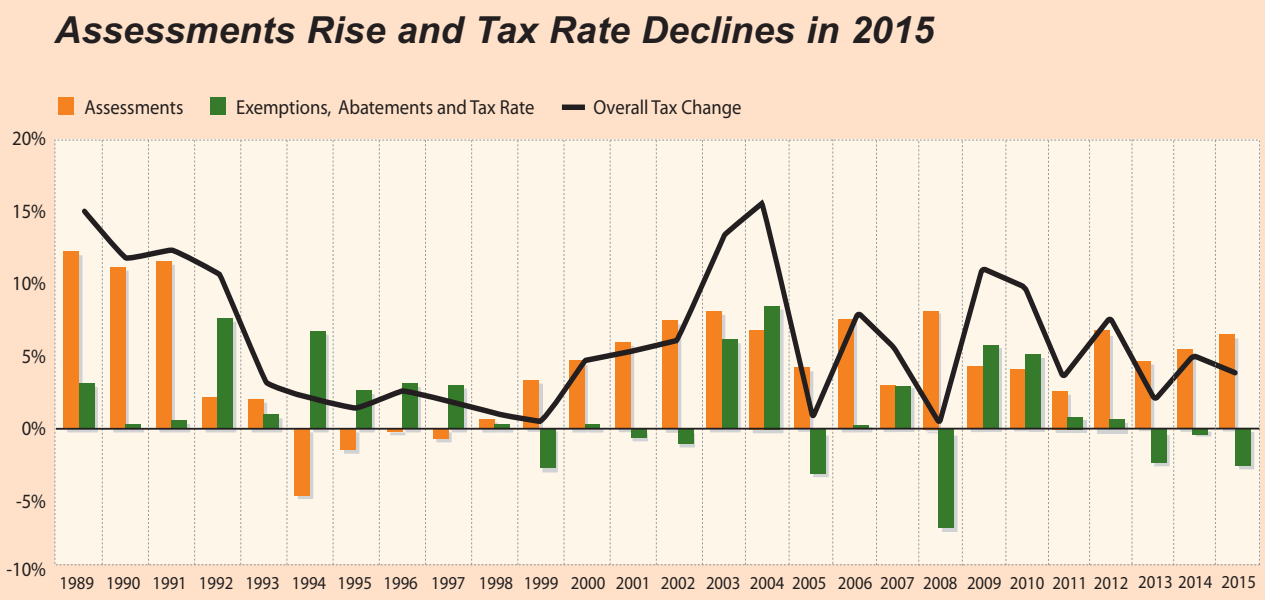
The Taxes component of the PIOC is based entirely on real estate taxes and accounts for over one-quarter of the overall price index. The change in tax cost is estimated by comparing aggregate taxes levied on rent stabilized apartment buildings in Fiscal Year (FY) 2014 and FY 2015.

Real estate taxes rose this year by 4.2%. The growth in taxes was due to a 6.5% rise in assessments. While assessments rose, tax rates declined 2.1%, and combined with an increase in the total value of exemptions had the effect of dampening the growth in real estate taxes in FY 2015.

Tax Levy — The total tax levy for all properties in the City (commercial and residential) increased by 6.1% from FY 2014 to FY 2015. The Class Two property levy rose at a slower pace than that of the City as a whole, at a rate of 4.5%. The distribution of the levy among property classes tends to shift from year to year. From FY 2014 to FY 2015, the levy share for Class Two properties decreased by 0.6 percentage points, from 36.8% to 36.2% of the total tax burden. Although the Class Two levy share declined, it is still significantly higher than the 26.3% share that was established at the inception of the four-class tax system in 1983.

Tax Rate — The average annual FY 2014 Class Two tax rate of 13.145 decreased by 2.2%, resulting in a new annualized rate of 12.855 for FY 2015. This is the third consecutive year that the Class Two tax rate declined. For a historical perspective of changes in

Percent Change in Taxes due to Assessments and Exemptions/Abatements/Tax Rate 1989-2015



Assessments Rise and Tax Rate Declines in 2015

Source: New York City Department of Finance

the tax rate, see the green bars on the graph on the previous page.

Assessments — Assessed valuations of properties containing rent stabilized units rose by 6.5% citywide in FY 2015. Assessments rose in all five boroughs, with Brooklyn witnessing the highest growth at 7.0%, followed closely by Manhattan at 6.7%. More moderate increases were seen in Queens (5.7%), Staten Island (5.0%) and the Bronx (4.9%). Buildings in Manhattan generally drive much of the change in assessed value Citywide. This was true in FY 2015, with 64% of all valuations emanating from this borough. For a historical perspective of changes in tax assessments, see the orange bars on the graph on the previous page.

Abatements and Exemptions — This year, the number of rent stabilized buildings with tax abatements doubled. But the average benefit value of the typical tax abatement decreased, by 24.4%, from FY 2014 to FY 2015. The net impact of the increase in the number of abatements and the decrease in the average abatement value was a negligible decline in the tax liability for rent stabilized buildings of 0.03%.

In FY 2015, 2.2% fewer rent stabilized buildings benefited from tax exemptions, but the value of the average tax exemption increased by 2.7%. This combination of an increase in the average value of tax exemptions and a decline in the number of buildings receiving exemptions resulted in owners' tax bills decreasing by 0.1%. (See Appendices 5 and 6)

Labor Costs

The Price Index measure of Labor Costs includes union and non-union salaries and benefits, in addition to Social Security and unemployment insurance. The cost of unionized labor makes up two-thirds of the Labor Costs component. The entire Labor Costs component comprises 16% of the overall Price Index.

Labor Costs rose 3.8%. The rise in Labor Costs was due to increases in union and non-union wages, as well as rises in healthcare and pension contributions.

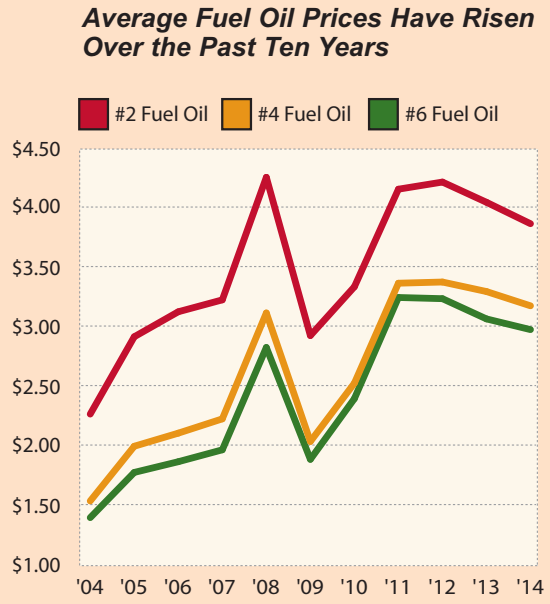
Wages comprise three-quarters of the Labor Costs component. Non-union pay increased by 4.0%, 1.1 percentage points higher than the increase seen in the *2014 PIOC* (2.9%). Unionized wages also rose, rising by 2.7%, a 0.3 percentage point increase from last year.

Fuel

The Fuel component comprises 12.6% of this year's Price Index. In prior years, this component only tracked the change in the cost of heating multi-family buildings in NYC by fuel oil. However, this component now contains heating costs by fuel oil, natural gas, and steam. The change in cost measured in this component considers both the change in weather and the change in prices for all these types of heating fuel.[4]

This year the Fuel component declined 21.0%. The cost for heating buildings by fuel oil makes up over three-quarters of this component. Fuel oil costs

Average Inflation-Adjusted Fuel Oil Prices per Gallon, 2004-2014



Note: Prices are in constant 2014 dollars.
Source: NYC RGB Price Indices of Operating Costs, 2004-2015

Fuel Oil Cost Relatives vs. Change in Fuel Prices, 2006-2015

PIOC Year	Fuel Oil Cost Relative*	Change in Fuel Oil Price**
2015	-23.4%	-22.5%
2014	7.8%	0.3%
2013	20.0%	2.9%
2012	1.6%	20.8%
2011	23.1%	20.3%
2010	0.5%	6.7%
2009	-10.1%	-16.9%
2008	37.4%	38.4%
2007	0.5%	-3.0%
2006	22.8%	28.2%

* The Fuel Oil Cost Relative factors in the effect of weather on total fuel oil consumption. In months that are colder than the prior, the weather factor will put upward pressure on the fuel oil relative. In months that are warmer than the prior, downward pressure is placed on the Fuel Oil component.

** Weighted change in #2, #4 and #6 fuel oil prices.

Source: NYC RGB Price Indices of Operating Costs, 2006-2015

declined 23.4%. Natural gas costs, which account for 22% of this component, also declined, falling 14.2%. Steam costs rose 0.3%, but these costs only account for roughly two percent of the Fuel component.

As stated above, the fuel oil cost items carry the most weight in the Fuel component. The PIOC measured fuel oil prices from April to March and then compared them to the same months from the previous year. Over the past 12 months, fuel oil prices, which do not take weather into account, decreased by 22.5%. The price for #2 oil, which comprises about half of this component, fell by 18.6%. Prices for #4 and #6 heating oil also declined, falling 25.4% and 27.8%, respectively.

Even though there was a significant decline in fuel oil prices this year, over the past ten years the average price per gallon for all fuel grades, which are pure prices that do not factor in weather, has risen substantially. The average price for all grades of fuel oil in calendar year 2014 was $3.55 a gallon. Adjusted for inflation, the average price in 2004 was $2.03. This is an annual rate of increase in the price of fuel oil of 5.9 percentage points above the general rate of inflation. Adjusted for inflation, the price of #2 Fuel Oil (the most commonly used fuel oil) fell by 4.5% in 2015, following a decrease of 4.0% in 2014. (See graph on the facing page.)

Along with measuring price, the PIOC also takes into account the effect of weather on the demand for fuel oil, especially during the heating season when a large majority of the fuel is burned. Since the weather this year was virtually the same as last year, the decline in fuel oil costs was due to the drop in fuel oil prices. In some years weather had a larger impact on fuel oil cost. For instance in 2013, fuel oil prices increased 2.9%, but colder weather resulted in an increase of fuel oil cost of 20.0%. See the table on this page for a comparison of the past ten years of fuel oil cost relatives to fuel oil prices.

Utilities

The Utilities component consists of non-heating natural gas and electricity costs, as well as water and sewer charges, and it comprises 11% of this year's Price Index. In the case of the gas and electricity items, changes in costs are measured using the PIOC specifications (e.g., the quantity of electricity and gas being purchased) and the changes in rate schedules. Water and sewer costs are based on rate adjustments set by the NYC Water Board and they account for over 70% of the Utilities component.

This year Utilities increased 1.2%. The growth in this component was driven upwards because of an increase in water and sewer charges of 3.35%. Electricity costs, which account for over a quarter of the weight in this component, declined by 4.1%, while gas costs, which account for less than one percent of the Utilities component, fell 7.3%.

Maintenance

The Maintenance component combines the expense items from the Contractor Services; Parts and Supplies; and Replacement Costs components used in previous PIOCs.

This component accounts for 16.3% of this year's Price Index.

The Maintenance component rose 3.0%. Of the 39 expense items contained in this component, just three items account for more than half of its expenditure weight: Repainting, Plumbing (faucet), and Plumbing (stoppage). This year, painters' rates rose 3.9%. Combined plumbing rates increased at a slower pace, rising 1.5%. Painters and plumbers reported that increases in the cost of labor and materials were the primary factors that led to an increase in their rates.

Other price increases of note were boiler repairs (3.8%), elevator contracts (2.4%) and roof repair (1.7%), which represent a total of six expense items and account for 23% of this component. See Appendix 2 for all Maintenance item's price relatives and expenditure weights.

Administrative Costs

Fees paid to management companies, accountants, and attorneys make up nearly this entire component. A new expense item, Communications, was added to the component this year and it tracks the change in costs for internet, cell phone, and landline telephone services.[5] This year, Administrative Costs rose 3.9%.

A large portion of the growth in the Administrative Costs component can be attributed to a rise in management company fees (4.2%) that comprise nearly three-quarters of this component. Management fees are often tied to apartment buildings' rental income and are affected by changes in rents and vacancies. This year's growth is higher than last year's (2.4%), indicating that management companies increased their fees and/or rents increased at a faster pace than last year. A rise in management fees may also indicate that vacancies and/or collection losses in the buildings they manage decreased compared to the previous year.

Accounting fees increased in this year's PIOC by 3.1%, higher than last year's rise of 2.7%. Attorney fees rose 4.0%, 0.7 percentage points higher than last year's growth of 3.3%.

Communications, which accounts for just under 2% of the Administrative Costs component, increased 0.2%. (See Appendix 2)

Insurance Costs

For the fourth consecutive year there was an increase in the Insurance Costs component, rising 7.2%, compared to last year's increase of 9.3%.

Changes in insurance costs for owners varied by the amount of the policy. Policies that cost more than $5,900, which represent half of all verified insurance quotes, saw an average increase in cost of 6.6% upon renewal. Meanwhile, buildings with policies of $5,900 or less saw an increase of 10.5%.

PIOC by Building Type

The 1983 Expenditure Study provided a basis for calculating separate sets of expenditure weights for different types of buildings that contain rent stabilized units. With the switch to the use of expenditure weights from the RPIE data, separate indices for four of the five subcategories of rent stabilized buildings were able to be maintained. In addition to the price index for apartments, the PIOC still includes separate indices for buildings constructed before 1947 (pre-1947) and for buildings constructed in 1947 or later (post-1946), as well as gas-heated and oil-heated buildings. However, due to the lack of available data from the RPIE filings, this and future reports will not include a separate apartment PIOC for master-metered buildings. Although the expenditure weights for all rent stabilized buildings and for each of the four subcategories of buildings differ, the price changes are the same for each of the five indices. (See Appendices 2 and 3)

Typically, buildings constructed before 1947 incur a lower percentage of operating and maintenance costs for property taxes and labor costs than post-1946 buildings, which rose 4.2% and 3.8%, respectively. However, their fuel costs for heating, which decreased by 21.0%, represent a significantly higher percentage of total operating and maintenance costs. As a result, costs in Pre-1947 buildings declined slightly, with a PIOC of -0.1%, while cost rose in Post-1946 buildings, by 1.2%.

Indices were also calculated for different types of heating systems. These heating system indices differ from the price index for apartments because the

expenditure weight for the Fuel component differs from index to index. Buildings heated with fuel oil witnessed a decline in overall costs, resulting in an Oil-Heated PIOC of -0.4%, primarily because cost of fuel oil dropped 23.4%. Similarly, Gas-heated buildings witnessed a significant decrease in natural gas costs of 14.2%, but the Fuel component carries less weight in the Gas-Heated index (10.6%) than the Oil-Heated index (15.0%). As a result the price index for Gas-Heated buildings witnessed a moderate increase of 1.7%.

Comparison of the Old and New Expenditure Weights

This year, the expenditure weights in the 2015 Apartment Price Index components were updated using data from the NYC Department of Finance Real Property Income and Expense (RPIE) filings from 2014. Because RPIE statements are submitted annually, they reflect current expenditure patterns for owners, and also reflect more accurately how owners react during a recession, or in the face of energy saving or technological improvements. For instance, RPIE filings show that over the years heating costs have become proportionally lower for owners, resulting in a lower weight in the 2015 PIOC for the Fuel component compared to previous PIOCs. Had the PIOC not been reweighted to reflect current expenditure patterns, the PIOC would have been –1.1%, 1.6 percentage points lower, primarily because the cost of fuel oil went down 23.4% and it accounted for a larger share of overall expenses in the previous PIOC methodology.

Similar to the PIOC, the I&E data is organized into expense components, comprised of individual expense items. However, the I&E is categorized into eight components (one of which is not being used in the PIOC), while the PIOC has traditionally contained nine. As a result, there are now seven expense components that make up the PIOC.[6]

In order to compare expenditure patterns from the reweighted price index to the old approach used in previous price indices, the old PIOC weights were distributed to fit the seven components contained in the *2015 Price Index*. As illustrated on the table on the this page, Fuel, Taxes and Insurance Costs, the three

Comparison of the Component Expenditure Weights, New Method vs. Old Method, for 2015 PIOC Year

Fuel, Taxes and Insurance Costs Carried More Weight Using Prior PIOC Methodology

Components	2015 New Expenditure Weights	2015 Old Expenditure Weights	Percentage Point Difference
Taxes	26.1%	28.5%	-2.4
Labor Costs	16.0%	12.2%	3.8
Fuel	12.6%	20.0%	-7.4
Utilities	11.1%	12.0%	-0.9
Maintenance	16.3%	13.4%	2.9
Administrative Costs	13.0%	6.8%	6.2
Insurance Costs	4.9%	7.1%	-2.2
Total	**100%**	**100%**	**0**

Source: NYC RGB 2015 Price Index of Operating Costs

most volatile components, had higher weights in the old method as compared the new expenditure weights. As a result, in prior PIOCs, significant swings in cost changes from year to year had the effect of over- or understating changes in owner expenses. Updating the expenditure weights each year with current RPIE data should eliminate these errors, resulting in a more reliable PIOC. See Appendix 9 for a comparison of component and item expenditure weights using both the current and previous methodologies.

Hotels

Change In Costs for Rent Stabilized Hotel Buildings, March 2014 to March 2015

Taxes	8.7%
Labor Costs	4.2%
Fuel	-19.9%
Utilities	1.2%
Maintenance	3.1%
Administrative Costs	2.9%
Insurance Costs	7.2%
All Costs	**-0.2%**

Rent Stabilized Hotels

The Hotel Price Index includes separate indices for each of three categories of rent stabilized hotels (due to their dissimilar operating cost profiles) and a general index for all stabilized Hotels. The three categories of hotels are: 1) "traditional" hotels — a multiple dwelling which has amenities such as a front desk, maid or linen services; 2) Rooming Houses — a multiple dwelling other than a hotel with thirty or fewer sleeping rooms; and 3) single room occupancy hotels (SROs) — a multiple dwelling in which one or two persons reside separately and independently of other occupants in a single room.

The Price Index for all stabilized Hotels declined 0.2% this year, a 6.6 percentage point drop from the 6.4% rise in 2014. It is important to note that the Hotel PIOC was not re-weighted using the RPIE data. However, in order to maintain symmetry between indices, the expense items were aligned to the seven components now used in the Apartments PIOC. The realignment of the hotel expenditure items had no impact on the change in the overall PIOC, and would have still been -0.2% if the old components were used. As a result, the 2015 Hotel PIOC can be compared to previous price indices.

This year, the Hotel Fuel component declined 19.9%, due to significant declines in the cost of fuel oil and natural gas costs used for heating hotel buildings in NYC. The Fuel component accounts for nearly a quarter of the entire Hotel Index. The remaining six components witnessed cost increases, with Taxes having the highest rise of 8.7%, followed by Insurance at 7.2%. More moderate increases were seen in Labor Costs (4.2%), Maintenance (3.1%), Administrative Costs (2.9%) and Utilities (1.2%). See the table on this page for changes in costs and prices for all rent stabilized hotels from 2014-2015.

Among the different categories of Hotels, the index for "traditional" hotels increased 3.2%, while Rooming Houses and SROs witnessed declines in costs of 1.2% and 3.9%, respectively. (See Appendices 4 and 7)

Lofts

Change In Costs for Rent Stabilized Loft Buildings, March 2014 to March 2015

Taxes	4.2%
Labor Costs	4.0%
Fuel	-23.5%
Utilities	2.4%
Maintenance	2.7%
Admin Costs-Legal	4.0%
Admin Costs-Other	3.9%
Insurance Costs	7.2%
All Costs	**0.4%**

Rent Stabilized Lofts

Similar to the Hotel Index, the Loft PIOC expenditure component weights were not reweighted using the RPIE data. However, the Loft expenditure

items were placed into the seven components used in the Apartment PIOC, except for the Attorney Fees expense item, which has traditionally been its own, separate expense component. Therefore, the Loft Index now has eight components, instead of the ten traditionally used in this Index. Because these items were not reweighted, just moved, the overall change in the Loft PIOC can be compared historically to past indices.

The increase in the Loft Index this year was 0.4%, 5.3 percentage points lower than the 5.7% increase in 2014. Increases in costs were seen in seven of the eight components that make up this index. Insurance Costs witnessed the highest rise, increasing 7.2%. More moderate increases were seen in Taxes (4.2%), Utilities (2.4%) and Maintenance (2.7%). Labor Costs and Administrative Costs-Legal both increased by 4.0% and Administrative Costs-Other by 3.9%. These increases were offset by a decline in the Fuel component of 23.5%. See the table on the previous page and Appendix 8 for changes in costs and prices for all rent stabilized lofts from 2014-15.

The Core PIOC

The Core PIOC, which measures long-term local trends by factoring out shifts in fuel costs for heating rent stabilized buildings in NYC, rose 3.6% in 2015. The rise in the 2015 Core was 3.1 percentage points higher than the Apartment Index (0.5%). The Core PIOC rose at a higher pace than the overall PIOC because fuel costs, which were not used to calculate the Core, declined 21%.

The Core PIOC, like the Apartment PIOC, was calculated using the new expenditure weights from the 2014 RPIE data and should not be compared historically with other Core price indices.

PIOC Projections for 2016

Section 26-510 of the Rent Stabilization Law requires the Board to consider prevailing and projected operating and maintenance costs for buildings containing rent stabilized apartments. Projections for components of the PIOC are performed to provide the Rent Guidelines Board with an estimate of how much costs are expected to rise in the year following the current Price Index. The PIOC Projection is used in correlation with the old "traditional" commensurate rent adjustment formula only. Before the new commensurate formulas were devised, the projection was used to assist the Board in setting guidelines for tenants choosing two- or three-year leases.

2016 Projections

Projected Change In Costs for Rent Stabilized Apartment Buildings, March 2015 to March 2016

Taxes	7.7%
Labor Costs	3.7%
Fuel	0.0%
Utilities	2.6%
Maintenance	3.4%
Administrative Costs	2.9%
Insurance Costs	7.9%
All Projected Costs	**4.2%**

It is important to note that the PIOC projection for 2016 was calculated using the new expenditure weights from the 2014 RPIE data and should not be compared historically with previous apartment price indices or projected indices. Furthermore, changes in costs and prices after March 2015, the last month covered by this study, will be measured in next year's Price Index. The PIOC Projection is not used in the calculation of the 'Net Revenue' and 'CPI-Adjusted NOI' commensurate formulas (see the "Commensurate Rent Adjustments" section on the next page), which calculate one- and two-year guidelines that will compensate owners for the most recent change in costs measured by the Price Index. The PIOC Projection should not be considered in combination with these newer formulas in establishing guidelines.

Projecting changes in the PIOC has become more challenging in recent years. Energy prices — which represent about one-eighth of the market basket of operating costs measured in the index — have become increasingly volatile. Unpredictable geo-political events, recession and changing weather patterns are

some of the forces behind large changes in fuel-related costs (heating fuel oil, electricity, gas and steam) that have in turn hindered the accuracy of the PIOC projections in recent studies. The tax component, which accounts for roughly a quarter of the entire Price Index, has also become harder to project due to changes in tax policy, such as tax rate reductions and changes to the City's tentative assessment roll, after the period covered in this Price Index.

Overall, the PIOC is expected to grow by 4.2% from 2015 to 2016. Costs are predicted to rise in each component except Fuel, where costs are anticipated to be flat. The largest growth, of 7.9%, is projected to be in Insurance Costs. Taxes, the component that carries the most weight in the Index, is projected to increase 7.7%. More moderate increases are projected in Labor Costs (3.7%), Maintenance (3.4%), Administrative Costs (2.9%) and Utilities (2.6%). The table on the previous page shows predicted changes in PIOC components for 2016. The core PIOC is projected to rise 4.8%, 0.6 percentage points more than the overall projected Apartment PIOC.

Commensurate Rent Adjustments

Throughout its history, the Rent Guidelines Board has used a formula, known as the commensurate rent adjustment, to help determine annual rent guidelines for rent stabilized apartments. In essence, the "commensurate" combines various data concerning operating costs, revenues, and inflation into a single measure indicating how much rents would have to change for net operating income (NOI) in stabilized buildings to remain constant. The different types of "commensurate" adjustments described below are primarily meant to provide a foundation for discussion concerning prospective guidelines.

In its simplest form, the commensurate rent adjustment is the amount of rent change needed to maintain owners' current dollar NOI at a constant level. In other words, the formula provides a set of one- and two-year renewal rent increases or guidelines that will compensate owners for the change in prices measured by the PIOC and keep net operating income "whole."

The first commensurate method is called the "Net Revenue" approach. While this formula takes into consideration the types of leases actually signed by tenants, it does not adjust owners' NOI for inflation. The "Net Revenue" formula is presented in two ways: First, adjusting for the mix of lease terms; and Second, adding an assumption for stabilized apartment turnover and the impact of revenue from vacancy increases. Under the "Net Revenue" formula, a guideline that would preserve NOI in the face of this year's 0.5% increase in the PIOC is 0% for a one-year lease and 1.5% for a two-year lease. Using this formula, and adding assumptions for the impact of vacancy increases on revenues when apartments experience turnover, result in guidelines of -2.0% for one-year leases and -1.0% for two-year leases.

The second commensurate method considers the mix of lease terms while adjusting NOI upward to reflect general inflation, keeping both operating and maintenance (O&M) costs and NOI constant. This is commonly called the "CPI-Adjusted NOI" formula. A guideline that would preserve NOI in the face of the 1.0% increase in the Consumer Price Index (see Endnote 3) and the 0.5% increase in the PIOC is 0.75% for a one-year lease and 2.0% for a two-year lease. Guidelines using this formula and adding the estimated impact of vacancy increases are -1.5% for one-year leases and -0.5% for two-year leases.[7]

The "traditional" commensurate adjustment is the formula that has been in use since the inception of the Rent Guidelines Board. The "traditional" commensurate yields 0.3% for a one-year lease and 1.7% for a two-year lease. This reflects the increase in operating costs of 0.5% found in the 2015 PIOC and the projection of a 4.2% increase next year.[8]

As a means of compensating for cost changes, this "traditional" commensurate rent adjustment has two major flaws. First, although the formula is supposed to keep owners' current dollar income constant, the formula does not consider the mix of one- and two-year lease renewals. Since only about three-fifths of leases are renewed in any given year, with a preponderance of leases having a two-year duration, the formula does not necessarily accurately estimate the amount of income needed to compensate owners for O&M cost changes.

A second flaw of the "traditional" commensurate formula is that it does not consider the erosion of

owners' income by inflation. By maintaining current dollar NOI at a constant level, adherence to the formula may cause profitability to decline over time. However, such degradation is not an inevitable consequence of using the "traditional" commensurate formula.[9]

All of these methods have their limitations. The "traditional" commensurate formula is artificial and does not consider the impact of lease terms or inflation on owners' income. The "Net Revenue" formula does not attempt to adjust NOI based on changes in interest rates or deflation of owner profits. The "CPI-Adjusted NOI" formula inflates the debt service portion of NOI, even though interest rates have been generally falling, rather than rising, over recent years. Including a consideration of the amount of income owners receive on vacancy assumes that turnover rates are constant across the City.

Finally, it is important to note that only the "traditional" commensurate formula uses the PIOC projection and that this projection is not used in conjunction with or as part of the "Net Revenue" and "CPI-Adjusted NOI" formulas. As stated previously, all three formulas attempt to compensate owners for the adjustment in their operating and maintenance costs measured each year in the PIOC. The "Net Revenue" and the "CPI-Adjusted NOI" formulas attempt to compensate owners for the adjustment in O&M costs by using only the known PIOC change in costs (0.5%). The traditional method differs from the other formulas in that it uses both the PIOC's actual change in costs as well as the projected change in costs (4.2%). If the change in projected costs, which may not be an accurate estimate of owner's costs, is added to the "Net Revenue" and "CPI-Adjusted NOI" formulas, the resulting guidelines will likely over- or under-compensate for the change in costs.

Each of these formulae may be best thought of as a starting point for deliberations. The other Rent Guidelines Board annual research reports (e.g., the *Income and Affordability Study* and the *Income and Expense Study*) and testimony to the Board can be used to modify the various estimates depending on these other considerations.

Methodology

As discuss in the Introduction, the expenditure weights for each component in the 2015 Apartment PIOC were updated using data from the NYC Department of Finance Real Property Income and Expense (RPIE) filings, as presented in the RGB's *2015 Income and Expense Study*. In order to update the PIOC component weights, the individual items in the PIOC needed to be allocated to the corresponding I&E components. Using the Expense Categories Chart of items in the RPIE 2014 Worksheet, PIOC expense items were allocated to the corresponding I&E expense categories. For example, the Fuel component in the I&E includes natural gas costs, fuel oil, and steam, while the PIOC Fuel component has traditionally only included the cost of fuel oil. Therefore, in addition to

Commensurates

"Net Revenue" Commensurate Adjustment

1-Year Lease	2-Year Lease
0.0%	1.5%

"Net Revenue" Commensurate Adjustment with Vacancy Increase

1-Year Lease	2-Year Lease
-2.0%	-1.0%

"CPI-Adjusted NOI" Commensurate Adjustment

1-Year Lease	2-Year Lease
0.75%	2.0%

"CPI-Adjusted NOI" Commensurate Adjustment with Vacancy Increase

1-Year Lease	2-Year Lease
-1.5%	-0.5%

"Traditional" Commensurate Adjustment

1-Year Lease	2-Year Lease
0.3%	1.7%

the cost of fuel oil, the gas and steam heating items from the PIOC Utilities component were consolidated with fuel oil into one component, labeled Fuel.

This same procedure was used with other PIOC items and I&E expense components. There were no items priced in the PIOC that fit into the I&E expense category of Miscellaneous, so that component is not included in the PIOC. Therefore, the PIOC now consists of seven components, as compared to the original nine. (See Endnote 6) Once the items were redistributed within the seven components, each apartment component was reweighted to reflect the weights seen in the I&E Report. Note that the update to expenditure patterns is only for the apartment PIOC. Since staff was unable to obtain sufficient I&E data to update either the PIOC for Lofts or the PIOC for Hotels, the methodology used to calculate the loft and hotel indices is the same as in previous PIOCs.

The I&E data provides separate costs for pre-1947 buildings, post-1946 buildings, and all apartments. The expenditure weights for the pre-1947 and post-1946 components were derived directly from those I&E reports. The 2012 Owner Survey showed that owners of oil-heated buildings spent approximately 22% more on heat per unit than the average, and owners of gas-heated buildings spent approximately 30% less than the average. These factors were applied to the costs shown in the *2015 I&E study* to develop Fuel component weights for those two types of buildings.

As always, prices for the PIOC were obtained in a variety of ways, including owner and vendor surveys, labor union contracts, utility rate schedules, and Dept. of Finance tax data. The specific method of collecting this data is outlined below, in each component's section, starting with a longer overview of the methodology of conducting the Owner Survey.

Owner Survey

The Owner Survey gathers information on management fees, insurance, and non-union labor from building managers and owners. Survey questionnaires, accompanied by a letter describing the purpose of the PIOC, were mailed to the owners or managing agents of stabilized buildings. If the returned questionnaire was not complete, an interviewer contacted the owner/manager and the missing information was gathered. And for the fourth consecutive year, owners could complete the survey online. All of the price information given by the owner/managing agent was then confirmed by calling the relevant insurance and management companies and non-union employees.[10]

The sample frame for the Owner Survey included over 41,000 stabilized buildings registered with the New York State Division of Housing and Community Renewal (DHCR). A random sampling scheme was used to choose 5,100 addresses from this pool for the owner mailing. The number of buildings chosen in each borough was nearly proportional to the share of stabilized buildings in that borough. Three successive mailings were sent at timed intervals to the owner or managing agent of each property selected in the survey sample.

Roughly 8.9% of the questionnaires mailed out were returned to the RGB, a lower rate than last year (11.8%). A total of 387 returned surveys contained usable information, from which quotes of owners' annual insurance costs (328), non-union labor quotes (121) and management fees (71) were validated. The number of verified prices in 2014 and 2015 for the Owner Survey is shown in Appendix 1.

Taxes

The sample of buildings used to compute the 2015 tax price relative was drawn by providing a list of rent stabilized properties registered with DHCR to the NYC Department of Finance. Finance "matched" this list against its records to provide data on assessed value, tax exemptions, and tax abatements for over 39,000 buildings in FY 2014 and FY 2015. This data was used to compute a tax bill for each stabilized building in each of these fiscal years. The change computed for the PIOC is simply the percentage difference in aggregate tax bills for these buildings from FY 2014 to FY 2015. This component remains unchanged in methodology from previous PIOCs.

Labor Costs

Approximately two-thirds of the Labor Costs component consists of the cost of unionized labor.

Rate increases for unionized labor, including wage increases and health benefits, come directly from the contracts of unions that represent workers in rent stabilized apartment buildings and hotels. The cost of Social Security and unemployment insurance is obtained from the NYS Department of Labor and the Internal Revenue Service (IRS). Wage increases for non-union labor is obtained from the Owner Survey (see methodology above). This component remains unchanged in methodology from previous PIOCs.

Fuel

The Fuel component consists of all types of fuel used for heating buildings, including oil, natural gas, electricity and steam.

Over three-quarters of this component is the cost of fuel oil, with the methodology for obtaining fuel oil prices unchanged from prior years. Fuel oil price information is gathered on a monthly basis via a telephone survey. A monthly survey makes it possible to keep in touch with fuel oil vendors and to gather the data on a consistent basis (i.e., on the same day of the month for each vendor). Vendors are called each month to minimize the likelihood of misreporting and also to reduce the reporting burden for the companies that do not care to look up a year's worth of prices. The number of fuel oil quotes gathered this year is similar to last year and are contained in Appendix 1. To calculate changes in fuel oil costs, monthly price data is weighted using a degree-day formula to account for changes in the weather. The number of Heating Degree Days (see Endnote 4) is a measure of heating requirements.

In previous year's PIOCs, the Fuel Oil component was comprised solely of the cost of oil. It now includes the cost to heat buildings with natural gas, electricity and steam. The methodology for collecting prices changes for natural gas, electricity and steam remain the same as in previous years, but the weight for these items has been moved from the Utilities component to the Fuel component. RGB staff calculates a hypothetical monthly bill for utilities based in part on supply rates, fuel adjustments, delivery charges, taxes, and other surcharges and fees. Bills are calculated based on typical usage in a multi-family building in New York City, an amount that remains constant from year to year. Because these items represent prices to heat buildings, monthly price data is adjusted to account for changes in weather. The price relatives for all items in the Fuel component were calculated by comparing the most recent 12-month period from April-March with the prior April-March period.

Utilities

The Utilities component consists of costs for non-heating electricity and natural gas, as well as water and sewer charges. RGB staff calculates a hypothetical monthly bill for electricity and natural gas based in part on supply rates, fuel adjustments, delivery charges, taxes, and other surcharges and fees. Bills are calculated based on typical usage in a multi-family building in New York City, an amount that remains constant from year to year. The price relatives for electricity and natural gas items in the Utilities component were calculated by comparing the most recent 12-month period from April-March with the prior April-March period.

Water and sewer price changes are based on annual rate adjustments set by the NYC Water Board. The Utilities component no longer includes the cost of telephone service or utilities used for heating purposes.[11]

Maintenance

The Maintenance component combines the expense items from the Contractor Services; Parts and Supplies; and Replacement Costs components used in previous PIOCs. All prices for items in this component are obtained via a vendor survey. This survey is used to gather price quotes for what was previously known as Contractor Services (e.g., painting); Parts and Supplies (e.g., mops); and Replacement Costs (e.g., refrigerators). As in prior years, the vendor database was updated by adding new vendors and by deleting those who no longer carry the products or perform the services outlined in the Vendor Survey item specifications. Vendor quotes were obtained over the telephone and for non-service based items from both the telephone and websites that carry items in the

PIOC's market basket of goods. A total of 553 recorded price quotes were gathered. For a description of the items priced and the number of price quotations obtained for each item, refer to Appendix 1.

Administrative Costs

The Administrative Costs component remains largely unchanged from previous PIOCs, except that it now includes an expense item for communication services (internet, cell phone, and landline telephone service). Management fees are obtained directly from building owners and managers, via the Owner Survey (see methodology above). Other expense items, such as accountant and attorney fees, are obtained via the Vendor Survey (see "Maintenance" section, above). Because there are so many variations in types of plans for internet and phone service, staff relied on the national Consumer Price Index to obtain price changes for these items. Monthly price changes were obtained from the Bureau of Labor Statistics website and were calculated by comparing the most recent 12-month period from April-March with the prior April-March period. For a list of all the expense items contained in the Administrative Costs component, see Appendix 1. (See Endnote 11)

Insurance Costs

The Owner Survey (discussed above) asks owners to provide information about their current and prior year's insurance policies. Temporary workers call the relevant insurance agents/brokers to verify this information. Only verified insurance costs are included in the PIOC. The methodology for obtaining the change in prices for insurance costs remains unchanged from prior PIOCs.

Price Index Projections

The PIOC Projections are estimated by using data from federal, state and local agencies; estimates from industry experts; and trend forecasting using three-year or long-term averages. This year projections are based on the time period from April 2015 to March 2016.

Taxes were projected by using data from the Department of Finance's tentative assessment roll for FY 2016 along with estimates of how the final PIOC tax index has compared to the change in the tentative assessment roll over the last decade. These estimates produce a projected tax cost for the owners of rental properties. Labor costs are projected by calculating the average wage increase of the most recent labor contracts for apartment workers union Local 32-BJ and a ten-year geometric average of all other Labor items. Fuel oil costs are projected by using data and information from the U.S. Energy Information Administration's (EIA) current "Short-Term Energy Outlook" report, which includes assumptions about changes in usage according to a projected return to the average temperature over the last five years. Utility costs are projected by obtaining rate projections for the coming year from the New York City Water Board and EIA projections. Natural gas rate projections are combined with assumptions about usage if the coming year's weather had the five-year average number of Heating Degree Days.[12]

The other components — Administrative Costs, Insurance Costs, and Maintenance — are projected by using three-year geometric averages of the component price relatives.

Acknowledgments

The Rent Guidelines Board would like to acknowledge the following individuals for their assistance in preparing the Price Index of Operating Costs this year: Dr. James F. Hudson for technical assistance, expense component reweighting, methodology, and report review; and Michael Taylor, Thomas O'Rourke, and Keila Espinosa for collecting owner and vendor data. ❒

Endnotes

1. The I&E data provides a more current estimate of changes in O&M costs for all stabilized units than the PIOC does, with the PIOC diverging more from the I&E data over time. Evidence suggests that a major cause is old baseline data on expenditures. For a complete analysis, see *Comparing the Price Index of Operating Costs (PIOC) and the RGB Income and Expense Study* by Dr. James F. Hudson, dated March 21, 2014 at http://nycrgb.org/html/research/cresearch.html

2. As with any data collection effort, there are some concerns with data quality and accuracy. However, these reported expenses are close to the actual O&M costs for the reporting buildings, and are more representative of owner expenditure patterns than the pattern used in the previous PIOCs, which were based on a survey conducted in 1983. In general, the I&E data is representative of actual expense changes from 2013, at least for the buildings with 11 or more units, which must submit full RPIE reports annually.

3. The average CPI for All Urban Consumers, New York-Northeastern New Jersey for the year from March 2013 to February 2014 (257.5) compared to the average for the year from March 2014 to February 2015 (260.1) rose by 1.0%. This is the latest available CPI data and is roughly analogous to the 'PIOC year', which for the majority of components compare the most recent point-to-point figures from April to March, monthly cost-weighted figures from April to March, or the two most recent fiscal year bills.

4. The cost-weight relatives are calculated on an April to March time period. The April 2014 to March 2015 time period was 0.5% colder than the previous April to March period. "Normal" weather refers to the typical number of Heating Degree Days measured at Central Park, New York City, over the 30-year period from 1981-2010. A Heating Degree Day is defined as, for one day, the number of degrees that the average temperature for that day is below 65 degrees Fahrenheit.

5. Spec 409 Communications was formerly called "Telephone" and only tracked the change in cost for landline telephone service. It was part of the Utilities component.

6. The eligible Miscellaneous expenses listed in the RPIE 2014 Worksheet include petty cash, lease buy-out, special assessments and sundry, which averaged a total of $35 per unit per month, or about 3% of total income and expense Operating Costs. The current PIOC methodology does not include these expense items. As a result, a Miscellaneous component could not be included in the 2015 PIOC. Therefore, the reweighting of the expense components resulted in seven expenditure components, instead of eight.

7. The following assumptions were used in the computation of the commensurates: (1) the required change in owner revenue is 66.1% of the 2015 PIOC increase of 0.5%, or 0.3%. The 66.1% figure is the most recent ratio of average operating costs to average income in stabilized buildings; (2) for the "CPI-Adjusted NOI" commensurate, the increase in revenue due to the impact of inflation on NOI is 33.9% times the latest 12-month increase in the CPI ending February 2015 (1.0%), or 0.35%; (3) these lease terms are only illustrative—other combinations of one- and two-year guidelines could produce the adjustment in revenue; (4) assumptions regarding lease renewals and turnover were derived from the 2011 Housing and Vacancy Survey; (5) for the commensurate formulae, including a vacancy assumption, the 8.7% median increase in vacancy leases found in the rent stabilized apartments that reported a vacancy lease in the 2014 apartment registration file from the Division of Housing and Community Renewal was used; and (6) the collectability of these commensurate adjustments are assumed.

8. Calculating the "traditional" commensurate rent adjustment requires an assumption about next year's PIOC. In this case, the 4.2% PIOC projection for 2016 is used.

9. Whether profits will actually decline depends on the level of inflation, the composition of NOI (i.e., how much is debt service and how much is profit), and changes in tax law and interest rates.

10. In an attempt to update the PIOC, this year an expenditure survey for Administrative Costs was in included in the Owner Survey. The results of this survey were not used to reweight the expense items in the Administrative Costs this year but should be incorporated in next year's PIOC. Each year staff will try to update a different PIOC expense component via the Owner Survey.

11. Spec 409 Telephones is now an expense item in the Administrative Costs component and has been renamed Communications, containing change in costs for internet, cell and landline phone services. Data extracted from http://www.bls.gov/data/ on March 25, 2015 using the Items from Consumer Price Index, All Urban Consumers, Internet services and electronic information providers and Land-line telephone services

12. Source: "Short-Term Energy Outlook," March 2015. U.S. Energy Information Administration, Department of Energy.

Appendices

1. PIOC Sample, Number of Price Quotes per Item, 2014 vs. 2015

Spec	Description	2014	2015
211	Apartment Value	95	87
212	Non-Union Super	87	82
216	Non-Union Janitor/Porter	39	39
	LABOR COSTS	**221**	**208**
301	Fuel Oil #2	28	31
302	Fuel Oil #4	7	10
303	Fuel Oil #6	7	9
	FUEL OIL	**42**	**50**
501	Repainting	128	123
502	Plumbing, Faucet	32	34
503	Plumbing, Stoppage	35	31
504	Elevator #1, 6 fl., 1 e.	10	11
505	Elevator #2, 13 fl., 2 e.	10	11
506	Elevator #3, 19 fl., 3 e.	10	11
507	Burner Repair	14	10
508	Boiler Repair, Tube	10	8
509	Boiler Repair, Weld	8	6
510	Refrigerator Repair	7	8
511	Range Repair	11	10
512	Roof Repair	22	24
513	Air Conditioner Repair	7	6
514	Floor Maint. #1, Studio	5	8
515	Floor Maint. #2, 1 Br.	5	8
516	Floor Maint. #3, 2 Br.	5	8
518	Linen/Laundry Service	6	5
801	Light Bulbs	9	7
802	Light Switch	8	6
803	Wet Mop	12	10
804	Floor Wax	9	7
805	Paint	10	11
806	Pushbroom	12	10
807	Detergent	8	7
808	Bucket	13	12
809	Washers	10	10

(CONTINUED, TOP RIGHT)

Spec	Description	2014	2015
810	Linens	16	11
811	Pine Disinfectant	11	9
812	Window/Glass Cleaner	11	8
813	Switch Plate	12	7
814	Duplex Receptacle	11	8
815	Toilet Seat	15	12
816	Deck Faucet	13	11
901	Refrigerator #1	11	9
902	Refrigerator #2	11	10
903	Air Conditioner #1	6	5
904	Air Conditioner #2	7	7
905	Floor Runner	12	10
906	Dishwasher	7	7
907	Range #1	10	10
908	Range #2	8	9
909	Carpet	11	8
910	Dresser	5	5
911	Mattress & Box Spring	5	5
	MAINTENANCE	**598**	**553**
601	Management Fees	90	71
602	Accountant Fees	29	25
603	Attorney Fees	21	21
604	Newspaper Ads	18	18
606	Lease Forms	7	5
607	Bill Envelopes	20	10
	ADMINISTRATIVE COSTS	**185**	**150**
701	INSURANCE COSTS	**396**	**328**
	ALL ITEMS	**1,442**	**1,289**

2. Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Apartments, 2015

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES	**0.2615**	**1.0418**	**4.18%**	**0.0407**
201	Payroll, Bronx, All (Union)	0.0971	1.0201	2.01%	0.0000
202	Payroll, Other, Union, Supts.	0.1005	1.0286	2.86%	0.0000
203	Payroll, Other, Union, Other	0.2501	1.0299	2.99%	0.0000
204	Payroll, Other, Non-Union, All	0.2906	1.0404	4.04%	0.5819
205	Social Security Insurance	0.0426	1.0326	3.26%	0.0000
206	Unemployment Insurance	0.0068	1.0371	3.71%	0.0000
207	Private Health & Welfare	0.2122	1.0583	5.83%	0.0000
	LABOR COSTS	**0.1601**	**1.0381**	**3.81%**	**0.1691**
301	Fuel Oil #2	0.3871	0.8060	-19.40%	0.4777
302	Fuel Oil #4	0.1950	0.7379	-26.21%	0.5919
303	Fuel Oil #6	0.1794	0.7085	-29.15%	0.5292
403	Electricity #3, 82,000 KWH	0.0000	0.9342	-6.58%	0.0000
405	Gas #2, 65,000 therms	0.0417	0.8658	-13.42%	0.0000
406	Gas #3, 214,000 therms	0.1800	0.8558	-14.42%	0.0000
407	Steam #1, 1.2m lbs	0.0127	1.0031	0.31%	0.0000
408	Steam #2, 2.6m lbs	0.0040	1.0011	0.11%	0.0000
	FUEL	**0.1262**	**0.7900**	**-21.00%**	**0.2378**
401	Electricity #1, 2,500 KWH	0.0226	1.0325	3.25%	0.0000
402	Electricity #2, 15,000 KWH	0.2607	0.9531	-4.69%	0.0000
404	Gas #1, 12,000 therms	0.0078	0.9271	-7.29%	0.0000
410	Water & Sewer	0.7089	1.0335	3.35%	0.0000
	UTILITIES	**0.1106**	**1.0117**	**1.17%**	**0.0000**
501	Repainting	0.3291	1.0394	3.94%	0.6437
502	Plumbing, Faucet	0.1199	1.0132	1.32%	0.5161
503	Plumbing, Stoppage	0.1057	1.0171	1.71%	0.7407
504	Elevator #1, 6 fl., 1 e.	0.0449	1.0228	2.28%	0.5482
505	Elevator #2, 13 fl., 2 e.	0.0286	1.0220	2.20%	0.6075
506	Elevator #3, 19 fl., 3 e.	0.0159	1.0311	3.11%	0.9045
507	Burner Repair	0.0329	1.0432	4.32%	2.5831
508	Boiler Repair, Tube	0.0422	1.0328	3.28%	2.4207
509	Boiler Repair, Weld	0.0361	1.0445	4.45%	2.6298
510	Refrigerator Repair	0.0111	1.0179	1.79%	0.8882
511	Range Repair	0.0100	1.0309	3.09%	1.3905
512	Roof Repair	0.0658	1.0172	1.72%	0.9544
513	Air Conditioner Repair	0.0069	1.0160	1.60%	1.1323
514	Floor Maint. #1, Studio	0.0002	1.0268	2.68%	1.4206
515	Floor Maint. #2, 1 Br.	0.0004	1.0123	1.23%	3.2934
516	Floor Maint. #3, 2 Br.	0.0033	1.0151	1.51%	3.5159

(CONTINUED, TOP RIGHT)

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
801	Light Bulbs	0.0037	1.0577	5.77%	3.8442
802	Light Switch	0.0044	1.0307	3.07%	2.8922
803	Wet Mop	0.0037	1.0036	0.36%	2.2326
804	Floor Wax	0.0044	0.9710	-2.90%	2.9810
805	Paint	0.0268	1.0239	2.39%	2.7705
806	Pushbroom	0.0031	1.0545	5.45%	2.7426
807	Detergent	0.0034	1.0269	2.69%	1.9991
808	Bucket	0.0039	1.2084	20.84%	10.7880
809	Washers	0.0089	1.0183	1.83%	1.9750
811	Pine Disinfectant	0.0059	1.0350	3.50%	3.3363
812	Window/Glass Cleaner	0.0053	1.0465	4.65%	3.4122
813	Switch Plate	0.0043	1.1375	13.75%	8.7045
814	Duplex Receptacle	0.0030	1.0535	5.35%	3.8442
815	Toilet Seat	0.0099	1.1325	13.25%	5.2339
816	Deck Faucet	0.0129	1.0613	6.13%	4.8452
901	Refrigerator #1	0.0041	1.0071	0.71%	1.6723
902	Refrigerator #2	0.0199	0.9945	-0.55%	2.8723
903	Air Conditioner #1	0.0007	1.0156	1.56%	4.4389
904	Air Conditioner #2	0.0009	1.0474	4.74%	1.3514
905	Floor Runner	0.0038	1.0004	0.04%	0.0448
906	Dishwasher	0.0022	0.9829	-1.71%	3.1127
907	Range #1	0.0022	0.9988	-0.12%	2.9742
908	Range #2	0.0098	0.9410	-5.90%	2.4517
	MAINTENANCE	**0.1626**	**1.0295**	**2.95%**	**0.3290**
601	Management Fees	0.7310	1.0416	4.16%	0.6736
602	Accountant Fees	0.1271	1.0311	3.11%	1.2399
603	Attorney Fees	0.1001	1.0403	4.03%	1.7304
604	Newspaper Ads	0.0085	0.9998	-0.02%	0.8185
606	Lease Forms	0.0083	0.9961	-0.39%	3.7833
607	Bill Envelopes	0.0084	1.0796	7.96%	8.7018
409	Communications*	0.0165	1.0023	0.23%	0.0000
	ADMINISTRATIVE COSTS	**0.1303**	**1.0390**	**3.90%**	**0.5511**
701	INSURANCE COSTS	**0.0488**	**1.0725**	**7.25%**	**0.9471**
	ALL ITEMS	**1.0000**	**1.00523**	**0.52%**	**0.1091**

Spec 409, "Communications," was labeled as "Telephone" in prior PIOCs, and included only the cost of landline telephone service. It now includes the cost of internet, cell, and landline phone service.

3. Price Relative by Building Type, Apartments, 2015

Item Description	Pre-1947	Post-1946	Gas Heated	Oil Heated
TAXES	4.5%	3.7%	4.2%	4.2%
LABOR COSTS	3.8%	3.8%	3.9%	3.8%
FUEL	-21.3%	-20.5%	-14.8%	-23.5%
UTILITIES	1.2%	0.4%	1.5%	1.1%
MAINTENANCE	2.8%	3.2%	3.0%	2.9%
ADMINISTRATIVE COSTS	3.9%	4.0%	3.9%	3.9%
INSURANCE COSTS	7.2%	7.2%	7.2%	7.2%
ALL ITEMS	**-0.1%**	**1.2%**	**1.7%**	**-0.4%**

4. Price Relative by Hotel Type, 2015

Item Description	Hotel	Rooming House	SRO
TAXES	11.9%	4.7%	6.2%
LABOR COSTS	4.5%	4.1%	4.1%
FUEL	-19.0%	-19.4%	-23.1%
UTILITIES	1.5%	0.9%	1.1%
MAINTENANCE	3.1%	2.7%	3.1%
ADMINISTRATIVE COSTS	2.7%	3.4%	3.4%
INSURANCE COSTS	7.2%	7.2%	7.2%
ALL ITEMS	**3.2%**	**-1.2%**	**-3.9%**

5. Percentage Change in Real Estate Tax Sample by Borough and Source of Change, Apartments and Hotels, 2015

	% Change Due to Assessments	% Change Due to Exemptions	% Change Due to Abatements	% Change Due to Tax Rates	% Change Due to Interactions	Total % Change
APARTMENTS						
Manhattan	6.74%	-0.02%	0.01%	-2.05%	-0.14%	4.55%
Bronx	4.90%	0.05%	0.07%	-2.09%	-0.11%	2.82%
Brooklyn	6.96%	-0.15%	-0.10%	-2.19%	-0.15%	4.37%
Queens	5.74%	-0.33%	-0.01%	-2.20%	-0.12%	3.09%
SI	5.00%	3.48%	-1.33%	-2.19%	-0.19%	4.77%
All Apartments	**6.51%**	**-0.06%**	**-0.03%**	**-2.11%**	**-0.13%**	**4.18%**
HOTELS						
Hotel	8.42%	1.17%	0.00%	2.16%	0.18%	11.92%
Rooming House	6.85%	-0.05%	0.00%	-1.94%	-0.13%	4.73%
SRO	6.40%	-0.60%	-0.13%	0.46%	0.08%	6.20%
All Hotels	**7.42%**	**0.31%**	**-0.05%**	**0.95%**	**0.10%**	**8.72%**

Note: Totals may not add due to rounding.

6. Tax Change by Borough and Community Board, Apartments, 2015

Borough	Community Board	Number of Buildings	Tax Relative
Manhattan		**12,633**	**4.55%**
	1	83	8.00%
	2	1,121	4.78%
	3	1,595	4.68%
	4	985	6.03%
	5	283	5.02%
	6	842	5.03%
	7	1,726	5.52%
	8	1,982	2.48%
	9	773	6.27%
	10	1,079	6.50%
	11	698	5.67%
	12	1,452	4.26%
Lower		**8,164**	**4.47%**
Upper		**4,469**	**5.07%**
Bronx		**5,813**	**2.82%**
	1	441	6.17%
	2	283	0.15%
	3	388	5.95%
	4	763	2.21%
	5	702	4.31%
	6	560	2.46%
	7	980	3.07%
	8	349	1.60%
	9	321	2.43%
	10	211	3.70%
	11	317	3.60%
	12	472	2.21%
Brooklyn		**13,266**	**4.37%**
	1	1,645	5.19%
	2	629	6.21%
	3	993	2.17%
	4	1,479	4.87%
	5	452	8.42%
	6	943	6.04%
	7	881	5.48%
	8	1,040	6.38%
	9	577	4.87%
	10	793	3.22%
	11	694	3.15%
	12	612	4.55%
	13	168	0.93%
	14	894	4.89%
	15	373	2.18%
	16	367	-12.67%
	17	632	4.91%
	18	82	7.20%
Queens		**6,915**	**3.09%**
	1	1,988	4.19%
	2	875	4.99%
	3	445	4.74%
	4	452	3.50%
	5	1,207	4.88%
	6	325	2.04%
	7	471	1.86%
	8	222	3.66%
	9	235	2.79%
	10	58	1.98%
	11	123	4.53%
	12	194	4.97%
	13	58	1.48%
	14	186	-6.93%
Staten Island		**181**	**4.77%**
	1	124	7.57%
	2	30	-6.88%
	3	23	-0.57%
ALL		**38,808**	**4.18%**

Note: No Community Board (CB) could be assigned to the following number of buildings for each borough: Manhattan (14), Bronx (26), Brooklyn (11), Queens (76), Staten Island (4). The number of buildings in the category "All" for each borough includes these buildings which could not be assigned a Community Board. In addition, 2 buildings in Manhattan are a part of Community Board 8 in the Bronx. These buildings are not included in the total for CB 8 in the Bronx but are represented in the Manhattan total and the total for "ALL" buildings. Core and Upper Manhattan building totals are defined by block count and cannot be calculated by using Community Board numbers alone.

7. Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Hotels, 2015

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES	**0.3399**	**1.0872**	**8.72%**	**1.0936**
205	Social Security Insurance	0.0500	1.0326	3.26%	0.0000
206	Unemployment Insurance	0.0141	1.0371	3.71%	0.0000
208	Hotel Private Health/Welfare	0.0543	1.0563	5.63%	0.0000
209	Hotel Union Labor	0.3199	1.0400	4.00%	0.0000
210	SRO Union Labor	0.0125	1.0400	4.00%	0.0000
211	Apartment Value	0.1183	1.0441	4.41%	0.7602
212	Non-Union Superintendent	0.3071	1.0328	3.28%	0.6388
213	Non-Union Maid	0.0000	0.0000	NA	0.0000
214	Non-Union Desk Clerk	0.0000	0.0000	NA	0.0000
215	Non-Union Maintenance Worker	0.0000	0.0000	NA	0.0000
216	Non-Union Janitor/Porter	0.1237	1.0644	6.44%	1.2240
	LABOR COSTS	**0.1355**	**1.0418**	**4.18%**	**0.2637**
301	Fuel Oil #2	0.4841	0.8060	-19.40%	0.4777
302	Fuel Oil #4	0.0133	0.7379	-26.21%	0.5919
303	Fuel Oil #6	0.2739	0.7085	-29.15%	0.5292
403	Electricity #3, 82,000 KWH	0.1350	0.9342	-6.58%	0.0000
405	Gas #2, 65,000 therms	0.0171	0.8658	-13.42%	0.0000
406	Gas #3, 214,000 therms	0.0764	0.8558	-14.42%	0.0000
407	Steam #1, 1.2m lbs	0.0002	1.0031	0.31%	0.0000
	FUEL	**0.2344**	**0.8006**	**-19.94%**	**0.2730**
401	Electricity #1, 2,500 KWH	0.1583	1.0325	3.25%	0.0000
402	Electricity #2, 15,000 KWH	0.1547	0.9531	-4.69%	0.0000
404	Gas #1, 12,000 therms	0.0852	0.9271	-7.29%	0.0000
410	Water & Sewer	0.6019	1.0335	3.35%	0.0000
	UTILITIES	**0.0496**	**1.0119**	**1.19%**	**0.0000**
501	Repainting	0.1294	1.0394	3.94%	0.6437
502	Plumbing, Faucet	0.0535	1.0132	1.32%	0.5161
503	Plumbing, Stoppage	0.0499	1.0171	1.71%	0.7407
504	Elevator #1, 6 fl., 1 e.	0.0217	1.0228	2.28%	0.5482
505	Elevator #2, 13 fl., 2 e.	0.0190	1.0220	2.20%	0.6075
506	Elevator #3, 19 fl., 3 e.	0.0174	1.0311	3.11%	0.9045
507	Burner Repair	0.0170	1.0432	4.32%	2.5831
508	Boiler Repair, Tube	0.0196	1.0328	3.28%	2.4207
509	Boiler Repair, Weld	0.0198	1.0445	4.45%	0.8882
511	Range Repair	0.0826	1.0309	3.09%	1.3905
512	Roof Repair	0.0209	1.0172	1.72%	0.9544
513	Air Conditioner Repair	0.0250	1.0160	1.60%	1.1323
514	Floor Maint. #1, Studio	0.0005	1.0268	2.68%	1.4206
515	Floor Maint. #2, 1 Br.	0.0010	1.0123	1.23%	3.2934
516	Floor Maint. #3, 2 Br.	0.0089	1.0151	1.51%	3.5159

(CONTINUED, TOP RIGHT)

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
518	Linen/Laundry Service	0.1140	1.0600	6.00%	4.4377
801	Light Bulbs	0.0046	1.0577	5.77%	3.8442
802	Light Switch	0.0050	1.0307	3.07%	2.8922
803	Wet Mop	0.0132	1.0036	0.36%	2.2326
804	Floor Wax	0.0164	0.9710	-2.90%	2.9810
805	Paint	0.0446	1.0239	2.39%	2.7705
806	Pushbroom	0.0107	1.0545	5.45%	2.7426
807	Detergent	0.0139	1.0269	2.69%	1.9991
808	Bucket	0.0145	1.2084	20.84%	10.7880
809	Washers	0.0135	1.0183	1.83%	1.9750
810	Linens	0.0724	0.9613	-3.87%	2.3842
811	Pine Disinfectant	0.0069	1.0350	3.50%	3.3363
812	Window/Glass Cleaner	0.0063	1.0465	4.65%	3.4122
813	Switch Plate	0.0155	1.1375	13.75%	8.7045
814	Duplex Receptacle	0.0111	1.0535	5.35%	3.8442
815	Toilet Seat	0.0149	1.1325	13.25%	5.2339
816	Deck Faucet	0.0196	1.0613	6.13%	4.8452
901	Refrigerator #1	0.0026	1.0071	0.71%	1.6723
902	Refrigerator #2	0.0123	0.9945	-0.55%	2.8723
903	Air Conditioner #1	0.0070	1.0156	1.56%	4.4389
904	Air Conditioner #2	0.0083	1.0474	4.74%	1.3514
907	Range #1	0.0012	0.9988	-0.12%	2.9742
908	Range #2	0.0055	0.9410	-5.90%	2.4517
909	Carpet	0.0412	1.0065	0.65%	3.1218
910	Dresser	0.0199	0.9896	-1.04%	1.2395
911	Mattress & Box Spring	0.0186	1.0503	5.03%	3.3978
	MAINTENANCE	**0.1129**	**1.0307**	**3.07%**	**0.1539**
601	Management Fees	0.5367	1.0416	4.16%	0.6736
602	Accountant Fees	0.0600	1.0311	3.11%	1.2399
603	Attorney Fees	0.0850	1.0403	4.03%	1.7304
604	Newspaper Ads	0.0891	0.9998	-0.02%	0.8185
606	Lease Forms	0.0077	0.9961	-0.39%	3.7833
607	Bill Envelopes	0.0092	1.0796	7.96%	8.7018
409	Communications*	0.2123	1.0023	0.23%	0.0000
	ADMINISTRATIVE COSTS	**0.0896**	**1.0288**	**2.88%**	**0.4129**
701	INSURANCE COSTS	**0.0381**	**1.0725**	**7.25%**	**0.9471**
	ALL ITEMS	**1.0000**	**0.9979**	**-0.21%**	**0.3894**

Spec 409, "Communications," was labeled as "Telephone" in prior PIOCs, and included only the cost of landline telephone service. It now includes the cost of internet, cell, and landline phone service.

8. Expenditure Weights and Price Relatives, Lofts, 2015

Spec #	Item Description	Weights	Price Relative
101	TAXES	**0.2839**	**4.18%**
201	Payroll, Bronx, All	0.0000	2.01%
202	Payroll, Other, Union, Supts.	0.2422	2.86%
203	Payroll, Other, Union, Other	0.0000	2.99%
204	Payroll, Other, Non-Union, All	0.5332	4.04%
205	Social Security Insurance	0.0406	3.26%
206	Unemployment Insurance	0.0073	3.71%
207	Private Health & Welfare	0.1768	5.83%
	LABOR COSTS	**0.0832**	**4.04%**
301	Fuel Oil #2	0.2532	-19.40%
302	Fuel Oil #4	0.5367	-26.21%
303	Fuel Oil #6	0.1135	-29.15%
403	Electricity #3, 82,000 KWH	0.0000	-6.58%
405	Gas #2, 65,000 therms	0.0223	-13.42%
406	Gas #3, 214,000 therms	0.0612	-14.42%
407	Steam #1, 1.2m lbs	0.0100	0.31%
408	Steam #2, 2.6m lbs	0.0031	0.11%
	FUEL	**0.1457**	**-23.5%**
401	Electricity #1, 2,500 KWH	0.0101	3.25%
402	Electricity #2, 15,000 KWH	0.1174	-4.69%
404	Gas #1, 12,000 therms	0.0035	-7.29%
410	Water & Sewer - Frontage	0.8689	3.35%
	UTILITIES	**0.0686**	**2.37%**
501	Repainting	0.2717	3.94%
502	Plumbing, Faucet	0.0990	1.32%
503	Plumbing, Stoppage	0.0873	1.71%
504	Elevator #1, 6 fl., 1 e.	0.0371	0.0228
505	Elevator #2, 13 fl., 2 e.	0.0236	2.20%
506	Elevator #3, 19 fl., 3 e.	0.0132	3.11%
507	Burner Repair	0.0272	4.32%
508	Boiler Repair, Tube	0.0349	3.28%
509	Boiler Repair, Weld	0.0299	4.45%
510	Refrigerator Repair	0.0091	1.79%
511	Range Repair	0.0082	3.09%
512	Roof Repair	0.0543	1.72%
513	Air Conditioner Repair	0.0057	1.60%
514	Floor Maint. #1, Studio	0.0002	2.68%
515	Floor Maint. #2, 1 Br.	0.0003	1.23%
516	Floor Maint. #3, 2 Br.	0.0027	1.51%

(CONTINUED, TOP RIGHT)

Spec #	Item Description	Weights	Price Relative
801	Light Bulbs	0.0059	5.77%
802	Light Switch	0.0070	3.07%
803	Wet Mop	0.0059	0.36%
804	Floor Wax	0.0070	-2.90%
805	Paint	0.0429	2.39%
806	Pushbroom	0.0050	5.45%
807	Detergent	0.0055	2.69%
808	Bucket	0.0063	20.84%
809	Washers	0.0143	1.83%
811	Pine Disinfectant	0.0094	3.50%
812	Window/Glass Cleaner	0.0086	4.65%
813	Switch Plate	0.0069	13.75%
814	Duplex Receptacle	0.0049	5.35%
815	Toilet Seat	0.0158	13.25%
816	Deck Faucet	0.0207	6.13%
901	Refrigerator #1	0.0124	0.71%
902	Refrigerator #2	0.0594	-0.55%
903	Air Conditioner #1	0.0020	1.56%
904	Air Conditioner #2	0.0025	4.74%
905	Floor Runner	0.0114	0.04%
906	Dishwasher	0.0065	-1.71%
907	Range #1	0.0065	-0.12%
908	Range #2	0.0291	-5.90%
	MAINTENANCE	**0.0909**	**2.72%**
	ADMINISTRATIVE COSTS - LEGAL	**0.0598**	**4.03%**
601	Management Fees	0.8299	4.16%
602	Accountant Fees	0.1332	3.11%
604	Newspaper Ads	0.0102	-0.02%
606	Lease Forms	0.0089	-0.39%
607	Bill Envelopes	0.0106	7.96%
409	Communications*	0.0073	0.23%
	ADMINISTRATIVE COSTS - OTHER	**0.0882**	**3.95%**
701	INSURANCE COSTS	**0.1798**	**7.25%**
	ALL ITEMS	**1.0000**	**0.41%**

Spec 409, "Communications," was labeled as "Telephone" in prior PIOCs, and included only the cost of landline telephone service. It now includes the cost of internet, cell, and landline phone service.

9. Expenditure Weights and Price Relative Percent Changes, All Apartments, New Methodology versus Old Methodology

Spec #	Item Description	Old Methodology Expenditure Weights	Old Methodology % Change	New Methodology Expenditure Weights	New Methodology % Change
101	TAXES	**0.2850**	**4.18%**	**0.2615**	**4.18%**
201	Payroll, Bronx, All (Union)	0.0971	2.01%	0.0971	2.01%
202	Payroll, Other, Union, Supts.	0.1005	2.86%	0.1005	2.86%
203	Payroll, Other, Union, Other	0.2501	2.99%	0.2501	2.99%
204	Payroll, Other, Non-Union, All	0.2906	4.04%	0.2906	4.04%
205	Social Security Insurance	0.0426	3.26%	0.0426	3.26%
206	Unemployment Insurance	0.0068	3.71%	0.0068	3.71%
207	Private Health & Welfare	0.2122	5.83%	0.2122	5.83%
	LABOR COSTS	**0.1220**	**3.81%**	**0.1601**	**3.81%**
301	Fuel Oil #2	0.3871	-19.40%	0.3871	-19.40%
302	Fuel Oil #4	0.1950	-26.21%	0.1950	-26.21%
303	Fuel Oil #6	0.1794	-29.15%	0.1794	-29.15%
403	Electricity #3, 82,000 KWH	0.0000	-6.58%	0.0000	-6.58%
405	Gas #2, 65,000 therms	0.0417	-13.42%	0.0417	-13.42%
406	Gas #3, 214,000 therms	0.1800	-14.42%	0.1800	-14.42%
407	Steam #1, 1.2m lbs	0.0127	0.31%	0.0127	0.31%
408	Steam #2, 2.6m lbs	0.0040	0.11%	0.0040	0.11%
	FUEL	**0.1996**	**-21.00%**	**0.1262**	**-21.00%**
401	Electricity #1, 2,500 KWH	0.0101	3.25%	0.0226	3.25%
402	Electricity #2, 15,000 KWH	0.1167	-4.69%	0.2607	-4.69%
404	Gas #1, 12,000 therms	0.0035	-7.29%	0.0078	-7.29%
410	Water & Sewer	0.8696	3.35%	0.7089	3.35%
	UTILITIES	**0.1195**	**2.37%**	**0.1106**	**1.17%**
501	Repainting	0.3291	3.94%	0.3291	3.94%
502	Plumbing, Faucet	0.1199	1.32%	0.1199	1.32%
503	Plumbing, Stoppage	0.1057	1.71%	0.1057	1.71%
504	Elevator #1, 6 fl., 1 e.	0.0449	2.28%	0.0449	2.28%
505	Elevator #2, 13 fl., 2 e.	0.0286	2.20%	0.0286	2.20%
506	Elevator #3, 19 fl., 3 e.	0.0159	3.11%	0.0159	3.11%
507	Burner Repair	0.0329	4.32%	0.0329	4.32%
508	Boiler Repair, Tube	0.0422	3.28%	0.0422	3.28%
509	Boiler Repair, Weld	0.0361	4.45%	0.0361	4.45%
510	Refrigerator Repair	0.0111	1.79%	0.0111	1.79%
511	Range Repair	0.0100	3.09%	0.0100	3.09%
512	Roof Repair	0.0658	1.72%	0.0658	1.72%
513	Air Conditioner Repair	0.0069	1.60%	0.0069	1.60%
514	Floor Maint. #1, Studio	0.0002	2.68%	0.0002	2.68%
515	Floor Maint. #2, 1 Br.	0.0004	1.23%	0.0004	1.23%
516	Floor Maint. #3, 2 Br.	0.0033	1.51%	0.0033	1.51%

(CONTINUED, TOP RIGHT)

Spec #	Item Description	Old Methodology Expenditure Weights	Old Methodology % Change	New Methodology Expenditure Weights	New Methodology % Change
801	Light Bulbs	0.0037	5.77%	0.0037	5.77%
802	Light Switch	0.0044	3.07%	0.0044	3.07%
803	Wet Mop	0.0037	0.36%	0.0037	0.36%
804	Floor Wax	0.0044	-2.90%	0.0044	-2.90%
805	Paint	0.0268	2.39%	0.0268	2.39%
806	Pushbroom	0.0031	5.45%	0.0031	5.45%
807	Detergent	0.0034	2.69%	0.0034	2.69%
808	Bucket	0.0039	20.84%	0.0039	20.84%
809	Washers	0.0089	1.83%	0.0089	1.83%
811	Pine Disinfectant	0.0059	3.50%	0.0059	3.50%
812	Window/Glass Cleaner	0.0053	4.65%	0.0053	4.65%
813	Switch Plate	0.0043	13.75%	0.0043	13.75%
814	Duplex Receptacle	0.0030	5.35%	0.0030	5.35%
815	Toilet Seat	0.0099	13.25%	0.0099	13.25%
816	Deck Faucet	0.0129	6.13%	0.0129	6.13%
901	Refrigerator #1	0.0041	0.71%	0.0041	0.71%
902	Refrigerator #2	0.0199	-0.55%	0.0199	-0.55%
903	Air Conditioner #1	0.0007	1.56%	0.0007	1.56%
904	Air Conditioner #2	0.0009	4.74%	0.0009	4.74%
905	Floor Runner	0.0038	0.04%	0.0038	0.04%
906	Dishwasher	0.0022	-1.71%	0.0022	-1.71%
907	Range #1	0.0022	-0.12%	0.0022	-0.12%
908	Range #2	0.0098	-5.90%	0.0098	-5.90%
	MAINTENANCE	**0.1343**	**2.95%**	**0.1626**	**2.95%**
601	Management Fees	0.7310	4.16%	0.7310	4.16%
602	Accountant Fees	0.1271	3.11%	0.1271	3.11%
603	Attorney Fees	0.1001	4.03%	0.1001	4.03%
604	Newspaper Ads	0.0085	-0.02%	0.0085	-0.02%
606	Lease Forms	0.0083	-0.39%	0.0083	-0.39%
607	Bill Envelopes	0.0084	7.96%	0.0084	7.96%
409	Communications	0.0165	0.23%	0.0165	0.23%
	ADMINISTRATIVE COSTS	**0.0682**	**3.90%**	**0.1303**	**3.90%**
701	INSURANCE COSTS	**0.0713**	**7.25%**	**0.0488**	**7.25%**
	ALL ITEMS	**1.0000**	**-1.07%**	**1.0000**	**0.52%**

Spec 409, "Communications," was labeled as "Telephone" in prior PIOCs, and included only the cost of landline telephone service. It now includes the cost of internet, cell, and landline phone service.