

The Rent Guidelines Board

1999 Price Index of Operating Costs

May 4, 1999

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Introduction

The Price Index of Operating Costs (PIOC) measures the price change in a market basket of goods and services used in the operation and maintenance of rent stabilized apartment buildings in New York City. The goods and services which make up the market basket were originally selected on the basis of the findings of a study of 1969 expenditure patterns by owners of rent stabilized apartment buildings. Minor changes in the specification of some of these goods and services have been carried out over time to maintain the representativeness of the market basket. The relative importance of the various goods and services in the market basket was updated in 1983 by means of a study of expenditure patterns of owners of rent stabilized apartment buildings.

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



This study was conducted by the Bureau of Labor Statistics (BLS) from 1970 to 1981. From 1982 to 1990, the PIOC was prepared by private consulting firms. In 1991, the Rent Guidelines Board (RGB) staff's growing expertise and familiarity made it possible to move the PIOC "in house."

The PIOC measures changes in the cost of purchasing a specified set of goods and services, which must remain constant both in terms of quantity and quality from one year to the next. The need to exclude the effect of any alterations in the quality of services provided requires that very careful specifications of the goods and services priced must be developed and applied. The pricing specifications must permit the measurement of changes in prices paid for carefully defined pricing units with specific terms of sale, such as cash, volume or trade discounts. For certain items, such as real estate taxes, the price paid is determined administratively, and the information is collected from city records.

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 expenditures. Because the market basket is fixed in the sense that the quantities of goods and services of each kind remain constant, the relative importance of different goods and services will change when their prices increase either more quickly or more slowly than average. Thus, the relative importance, or weight, attached to each good or service changes from year to year to reflect the different rates of price change among the various index items. The expenditure weights used in the construction of the 1999 Price Index are those developed for the 1983 Expenditure Study and revised on the basis of the 1997-98 measured price changes.

The importance of each index component is shown by its "expenditure weight" (see Appendix 2). The measured 1998-99 price changes in each index component are also presented in this table. The expenditure weights and the 1998-99 price changes are then combined to provide the overall change in the PIOC over the period 1998-99.

WHAT'S NEW

- ✓ The Price Index of Operating Costs for Rent Stabilized Apartment Buildings (PIOC) was nearly unchanged this year, rising by .03%.
- ✓ Costs in pre-war buildings fell 0.4%.
- ✓ The PIOC was lower than projected mainly because of a sharp and unanticipated decline in fuel costs and a slower increase in property taxes.
- ✓ The "core" PIOC, which excludes the erratic changes in fuel, oil, natural gas, and electricity costs, is useful for analyzing inflationary trends. The core rose by 2.0% this year.
- ✓ Real estate taxes rose only 0.4% due mainly to the combined effects of rising assessments and a lower tax rate.
- ✓ Labor costs went up by 3.4%, the second year in a row that labor costs increased faster than the previous year.
- ✓ Contractor services and administrative costs rose 3.5% and 2.9% respectively, in line with the trend of the past several years.
- ✓ Insurance costs grew by 3.5%, a significant increase from the 1.5% decrease found last year. Rate increases fueled much of the growth in insurance costs.
- ✓ The Price Index for Apartments is projected to increase 5.3% next year.
- ✓ Traditionally, RGB staff has computed a "commensurate rent increase" based on the PIOC. The commensurate is the rent increase needed to compensate landlords for increases in O&M costs while maintaining net operating income at a constant level in nominal dollars. The commensurate is 0% for a one year lease and 1.8% for a two year lease. (see page 11 for details and alternate versions of the commensurate rent adjustment).

The 1983 Expenditure Study provides a basis for calculating separate sets of expenditure weights for buildings constructed before 1947 and for buildings constructed in 1947 or later. Typically, buildings constructed before 1947 incur a lower percentage of operating and maintenance costs for property taxes, but their fuel costs represent a significantly higher percentage of total operating and maintenance costs than do the fuel costs of the post-1947 buildings. The differences between the pre- and post-1947 buildings are de-emphasized when their expenditure patterns are combined in the construction of the overall PIOC. It is nevertheless possible to develop separate price indexes for the pre-1947 and post-1947 buildings.

The PIOC consists of several cost components, each designed to measure changes in one or more types of operating cost. The methodology for each component is described in the final section of this report.

Summary

This year, the PIOC for rent stabilized apartment buildings was nearly flat, rising by 0.03%. Over the year ending April 30, 1999, increases in costs occurred in most PIOC components, ranging from a 0.4% rise in taxes to a 3.5% increase in both insurance and contractor services expense. These component increases were counterbalanced by a steep decline in fuel costs (-18.4%) and a minimal decrease in utility expenses (-0.4%). The "core" PIOC, which excludes the erratic changes in fuel oil, natural gas and electricity costs, is useful for analyzing inflationary trends. The core rose by 2.0% this year, slightly outpacing the Consumer Price Index (CPI), which grew by 1.4% from March 1998 to March 1999.

Price Index Components

Taxes



The Tax component of the Price Index is based entirely on real estate taxes. The change in taxes is estimated by comparing aggregate taxes levied on rent stabilized apartment houses in FY 1998 and FY 1999 (for additional detail on how the tax computation compares to last year see Real Estate Tax Computations in the Methodology section).

The tax data was obtained from the New York City Department of Finance.

Real estate taxes rose slightly this year, up 0.4%. The change in taxes was largely due to two effects: an increase in assessments offsetting a decline in the tax rate. This is the second year in a row the tax rate for Class Two properties has fallen. Changes in tax exemptions and abatements had little impact on taxes this year.

✓ **Tax Rate** — Although the total tax levy for all properties in the City (commercial and residential) has not increased significantly for several years, the distribution of the levy among property classes has shifted from year to year. In recent years, more of the tax burden has fallen on Class Two properties, the category that contains the vast majority of rent stabilized buildings. This year, however, the levy share for Class Two properties declined for the first time in several years, by 2.1%, while each of the other classes experienced increases.¹

In FY 1996 and FY 1997 intervention by the Mayor and the City Council slowed the increase in taxes for rent stabilized properties from what they otherwise would have been. In FY 1996, the Class Two tax rate would have risen 5.6% had the City Council not intervened and limited the increase to 2.4%.

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 new price for an item or component if it cost \$1 in the previous year (equal to the percent change in costs plus one).

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

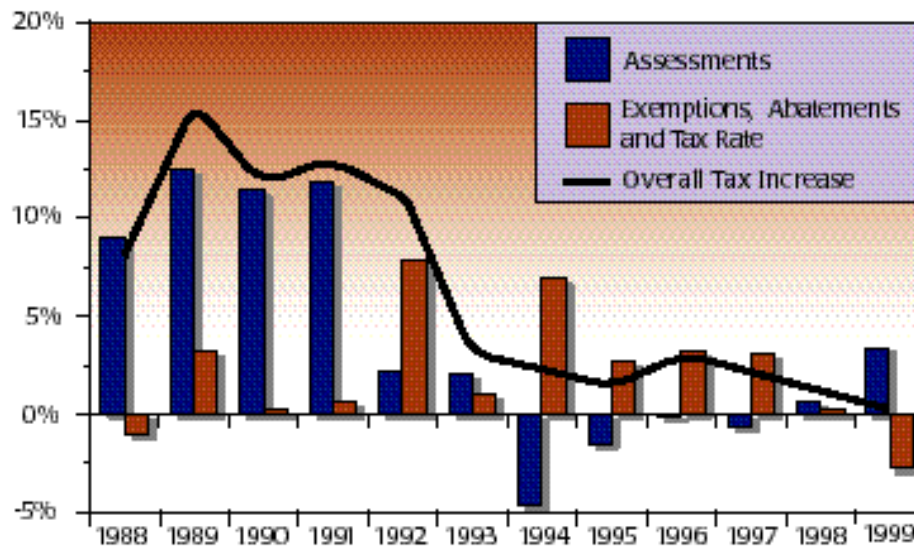
Specification - defined pricing units with specific terms of sale, such as cash, volume or trade discounts.

CHANGE IN COSTS FOR RENT STABILIZED APARTMENT BUILDINGS, APRIL 1998 TO APRIL 1999

Taxes	0.4%
Labor Costs	3.4%
Utilities Costs	-0.4%
Fuel Costs	-18.4%
Contractor Services	3.5%
Administrative Costs	2.9%
Insurance Costs	3.5%
Parts & Supplies	2.2%
Replacement Costs	1.7%
All Costs	0.03%

Billable Assessments Rose for the Second Time in Six Years

(Percent Change in Taxes due to Assessments and Exemptions/Abatements/Tax Rate)



Source: New York City Department of Finance

A similar course of events led to an increase in the Class Two tax rate of 2.3% in 1997.

In 1998, the tax rate for Class Two properties was essentially unchanged, falling slightly from 11.056 to 11.046, or a decline of .09%. This year, the tax rate for Class Two fell more rapidly to 10.739, or a drop of 2.8%.

✓ **Assessments** — The assessed valuations of rent stabilized buildings rose dramatically from the late 1980's through 1991, increasing 8% or more each year (see the accompanying chart). In 1992 and 1993, the increase in valuations for stabilized buildings slowed to 2% per year. The impact of the recession was finally reflected in tax bills the following two years—valuations dropped 4.7% in FY 1994 and 1.3% in FY 1995. Smaller decreases occurred in the next two years.

For the second time in six successive years, assessments of rent stabilized buildings increased between 1998-99. Across the City, assessments rose by 3.1%, a significant increase from last year's rise of just under 1%. All five boroughs showed increases in assessments, ranging from 1.1% in Brooklyn to a rise in the Bronx of 7.5% in FY 1999.

Assessments rose at a lower rate compared to the previous year only in the borough of Brooklyn, although the difference is modest (1.4% last year vs. 1.1% this year). Two boroughs, however, showed

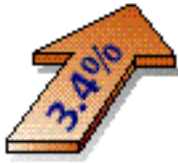
large growth in assessments—Staten Island (which has fewer than 200 stabilized buildings) had a decline of nearly 7% last year but showed an increase of 2.3% this year. The Bronx, which experienced a decline in assessments of 0.7% last year, had an increase in 1999 of 7.5%. Last year's small increases in assessments in Queens and Manhattan were strongly outpaced by the increases this year. Assessments in Queens and Manhattan increased by 4.8% and 3.5%, respectively, in FY 1999.

✓ **Abatements and Exemptions** — This year, the number of buildings with abatements declined, and the average benefit of the typical abatement also fell slightly.

Many of the buildings that were renovated during the 1970's and 80's in New York City benefited from tax abatements. In the late 1990s, many of these abatements are now expiring. Without an offsetting increase in new abatements, the net impact is to somewhat raise the tax liability for rent stabilized buildings as a whole, by approximately 0.3%.

In a reversal from last year, the average value of tax exemptions increased. However, the increase in tax exemptions had a smaller impact on the real estate tax component of the Price Index than abatements. For the City's stabilized buildings as a whole, larger average exemptions slightly reduced owner's tax bills by 0.2%.

Labor



The price index measure of labor costs includes union and non-union salaries and benefits, in addition to changes in Social Security and unemployment insurance. The cost of unionized labor comprises more than two-thirds of the Labor component and 17% of the entire price index.

Increases in labor costs rose substantially faster than inflation (1.4%) and this year's change of 3.4% is the largest increase seen since 1995. Prior to last year, the percentage increase in the Labor component had declined for five consecutive years, falling from 5.6% in 1993 to 2.3% in 1997. The reversal of this trend began last year when labor costs rose 2.7%. This year, labor costs increased more quickly, by 3.4%, due in large part to non-union labor wages which grew by 6.2%.

The contract for Union Local 32-E expired in March of 1998 and a new settlement was not reached until June. Since no agreement was reached before the 1998 Price Index, the increase for item 201 (Local 32-E wages) last year was 0%. As a result, the wage increases achieved by the new contract for 1998 are reflected in this year's report. The overall wage increase for members of Local 32-E from 1997 to 1999 was 3.8%. Benefit terms for both years were also included as part of item 207 (Private Health and Welfare) which rose 1.6% in 1999.²

Utilities



The Utilities component consists primarily of electricity, natural gas, and water & sewer charges. Telephone and steam costs are a small part of the Utility index. In the case of most Utilities items, changes in costs are measured using the PIOC specifications (i.e. the quantity of electricity, steam etc. being purchased) and the changes in rate schedules. Water/sewer costs are based on billings obtained from the City's Department of Environmental Protection (DEP).

This year, Utilities decreased slightly, by 0.4%, led by significant decreases in fuel-related utility costs. The declines in electricity, gas, steam and telephone costs were counterbalanced by an overall 4.4% increase in water and sewer costs, which account for more than half the weight of the Utilities component.

Charges for rent stabilized buildings that were billed on a frontage basis in both FY 1998 and FY 1999 increased by 4.0%, as delineated by the Water Board rate in effect over the period. Water and sewer charges increased by 6.7% for buildings billed on a metered basis in 1997 and 1998, or buildings that switched from frontage to metered billing last year (See Water/Sewer Sample section in Methodology). Close analysis of the data sample indicated that water/sewer costs increased faster in metered buildings primarily because of consumption and occupancy changes. Additionally, smaller buildings with less than 1&1/2-inch pipes were required to pay bills based upon metered charges. Smaller buildings tend to be older with piping and fixtures that are more likely to leak, resulting in higher bills. Finally, while meters may regulate owner behavior by encouraging conservation and quick repair of water maintenance problems, building meters do not directly regulate tenant water consumption.³

It should be noted that about one-third of metered bills in the sample decreased over the period, indicating that some owners have been able to benefit from metered billing. An additional 10% of metered buildings had increases that were less than the Water Board rate. The combined overall increase in water and sewer costs was 4.4% for all buildings.

Natural gas costs declined this year, by 7.6%. The PIOC measures gas, like fuel oil, largely on a "cost-weighted" basis that takes both the price and heating degree-days⁴ into consideration. Gas costs fell due to warmer weather and slightly lower prices. Similar to natural gas costs, the cost of electricity also fell by 7.5% this year.

Fuel



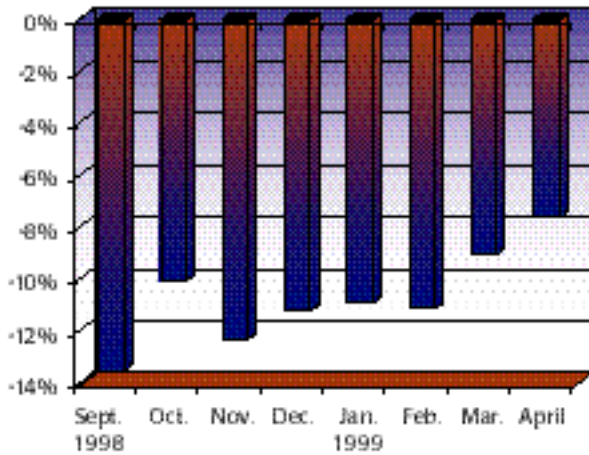
To calculate changes in fuel oil costs monthly price data is gathered from fuel oil vendors and the data is weighted using a degree-day formula to account for changes in the weather. The number of heating degree-days (see Endnote 4) is a measure of heating requirements.

In a repetition of last year's sharp retreat in the cost of fuel oil, fuel oil expenses dropped 18.4% this year, exceeding 1998's decline of 15% by more than 3 percentage points. The cost decreases for #6 fuel oil, #4, and #2 were 21%, 20% and 13% respectively.

The drop in fuel costs was due in part to winter weather that was even warmer than last year. The change in fuel costs is based not on a comparison with "normal" weather conditions (see Endnote 4),

Fuel Oil Prices were Lower throughout the Heating Season

(Price of fuel Oil by month, 1998-99, compared to Previous year)



Source: RGB Fuel Vendor Survey. Prices Indices of Operating Costs, 1998 and 1999.

but with the conditions the year before. Last year (May 1997 to April 1998) was warmer than "normal," but the year ending April 30, 1999 was even warmer. Therefore, this past winter's temperate weather was responsible for only about 3% of the drop in heating costs. A drop in the price of fuel was responsible for the remaining 15% decrease in costs.

Contractor Services

Contractor Services increased 3.5%; the highest reported increase since 1991. The most important items in this component, repainting and plumbing costs, rose 4.3% and 4.0% respectively. Most of the other items had increases in the zero to five-percent range.

Repainting and plumbing costs comprise two-thirds of the Contractor Services component. The last time these two items saw larger growth was in 1991, the same year in which the overall component was higher. Several painters and plumbers cited that the reason for the increased prices to their customers was due to the rising costs of both materials and labor.

Plumbing (stoppage) showed an increase of 5.5%, the highest of any item in the Contractor Services component. Floor maintenance, air conditioner repair, and boiler repair (weld) prices were flat from 1998 to 1999.



Administrative Costs



Administrative Costs rose 2.9%, which is the lowest increase since 1992. Fees paid to management companies, accountants, and attorneys comprise nearly this entire component.

Management company fees comprise the lion's share (two-thirds) of administrative costs. Since management fees are tied to apartment buildings' rental income, it is not surprising that the increase of 3.0% falls in between the guidelines adopted by the Board (2% for a one-year lease and 4% for a two-year lease) for the last two years.

The cost of attorneys fees only increased 0.9% which is significantly lower than the prior year's rise of 4.3%. Conversely, the cost associated with accounting rose 4.0% in 1999 but only 1.1% in 1998.

In last year's PIOC it was reported that during the last seven years, administrators (i.e. attorneys, accountants and management companies) have had higher increases than their counterparts, skilled contractors. However, it was noted that the gap between the increases in the two items had narrowed to one-half percent. In 1999, this trend reversed, with the increase in cost of skilled contractors outpacing the growth in administrators' costs by 0.6 percentage points.

Insurance



Insurance costs rose this year by 3.5%, a significant increase compared to the decrease of 1.5% seen in 1998. A record number of insurance cost reports (636) were verified this year; up 59% from last year's total.

Almost half (45%) of the building owner survey responses indicated an increase in insurance costs. Just under one-fourth of the responses showed a decrease in costs, while 31% reported no change from the previous year. Rate hikes fueled cost growth, with one-third (208) of this year's respondents claiming higher rates, as opposed to roughly one-sixth (119) that reported rate declines. Increases in the insured value and maximum liability coverage also contributed to the growth in insurance costs.

Nearly 11% of the building owner responses reported a change in insurance carriers for the surveyed building in the past year. This is a

continuing trend that began in 1998 when over 10% of the owners found new companies, twice the amount reported in 1997. As a result, a majority of the owners who switched carriers (65%) benefited from this change averaging a 24% decrease in their insurance costs. Owners who found new carriers and saved money seem to be benefiting from a higher degree of competition between insurance companies willing to offer lower rates than their competitors. The remaining owners in the sample who changed carriers had higher insurance costs averaging an increase of 14% in their insurance rates. The former insurance companies generally dropped these owners because they no longer insure large residential buildings or they found the properties too much of a liability to handle.

The removal of lead paint coverage from insurance policies continued in 1999 but at a slower pace from the previous year. Only 2.4% of building owners reported that insurers were withdrawing lead paint coverage from their policies, over concern for the potential costs of liability for lead-related health problems. This figure is down from last year when 4% of all policies removed lead paint coverage.

Parts and Supplies



The overall increase in the Parts and Supplies component was 2.2%. Increases in this component have not exceeded 3.0% since 1991 when Parts and Supplies rose 3.6%. Price increases ranged from a high of 7.5% (switch plate) to a decrease of 0.1% (wet mops).

Replacement Costs



The Replacement Costs component is even less significant than the Parts and Supplies component, its weight being only 1/100th of the PIOC. This year's increase in the Replacement Costs component was only 1.7%.

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 an index for all stabilized hotels. The three categories of hotels are: 1) Hotels—a multiple dwelling which has amenities such as a front desk, and maid or linen service; 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 occupy a single room residing separately and independently of other occupants.

The price index for all stabilized hotels rose 0.8% this year, somewhat more than the increase in the apartment price index. The primary difference between the increase in the hotel index and the apartment index was in the tax component. The increase in taxes for all types of hotels was 5.8% overall (versus 0.4% in apartment buildings), driven mainly by the increase found in the tax cost of "traditional" Hotels. There was notable diversity among hotel subgroups in tax expense this year, as "traditional" stabilized Hotels experienced an increase in taxes of 9.9%, while Rooming Houses and SRO's had lower tax increases of 2.6% and 3.2% respectively.

CHANGE IN COSTS FOR RENT STABILIZED HOTEL BUILDINGS, APRIL 1998 TO APRIL 1999

Taxes	5.8%
Labor Costs	4.0%
Utilities Costs	-4.8%
Fuel Costs	-15.0%
Contractor Services	2.2%
Administrative Costs	2.9%
Insurance Costs	3.5%
Parts & Supplies	3.4%
Replacement Costs	2.6%
All Costs	0.8%

Although the costs for taxes were higher for stabilized hotels, these properties experienced lower costs for utilities. The decrease in utilities for hotels was 4.79%; significantly larger than the 0.4% decrease for apartments. The higher degree of savings was due primarily to water and sewer charges (up 4.4% frontage and metered) being weighted much less for hotels than for apartments. Consequently, the increase in the tax component was offset by a large decrease in utility costs keeping the hotel index below 1.0% for the second straight year.

Among the different categories of hotels, the index for "traditional" Hotels increased 2.5%, while Rooming Houses and SROs decreased slightly at 0.3% and 0.2% respectively.

Rent Stabilized Lofts

The increase in the Loft Index this year was 0.9%, moderately larger than the increase for apartments. Since fuel costs are a smaller fraction of the total than for apartments, there was less downward pressure on the loft index. In addition, insurance costs constitute more than one-sixth of all loft costs while insurance expenses are a much smaller proportion of apartment costs. Since insurance costs rose by 3.5%, this had a notable impact on the loft index.

1999-2000 PIOC Projections

Each year, projections for the 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. Along with the current PIOC, the PIOC Projection provides a basis to assist the Board in setting guidelines for tenants choosing two-year leases.

Projecting anticipated changes in the PIOC has become more challenging in recent years. One factor alone—the weather, which affects about one sixth of the market basket of operating costs measured in the index—has become increasingly volatile. These unpredictable weather patterns are the force behind large changes in fuel-related costs (heating fuel, electricity and gas), that have in turn hindered the accuracy of the PIOC projections in recent studies. In addition, drastic and somewhat cyclical shifts in local fuel prices often mask smaller changes in non-fuel related costs, obscuring the long term movement of the PIOC.

This year, operating costs in rent stabilized apartment buildings were nearly flat, increasing by .03% versus last year's RGB projection of 3.5%. The steep drop in fuel costs contributed the most to the variance between the 1999 projection and the actual 1999 PIOC. Fuel costs decreased by 18% versus the expected increase of 7%. PIOC projection methodology assumes a return to "normal" weather (see Endnote 4) when predicting fuel costs. The fact that the past year was even warmer than the prior year added to the large reduction in fuel costs. Low energy prices and the warmer weather also contributed to utility costs dropping slightly instead of rising as predicted. Property taxes and administrative costs all rose less than estimated, while the cost of labor, and contractor services and insurance grew faster than anticipated.

Overall, the PIOC is expected to grow by 5.3% from 1999 to 2000 due to brisk increases in taxes and fuel costs and more moderate growth in labor, utility, contractor services and administrative costs. The "core" PIOC, which measures long term local trends by factoring out shifts in fuel costs, gas, and electricity rates, is estimated to rise more slowly than the overall PIOC, by 3.7%, due to relatively rapid increases in taxes, and labor based component costs.

CHANGE IN COSTS FOR RENT STABILIZED LOFT BUILDINGS, APRIL 1998 TO APRIL 1999

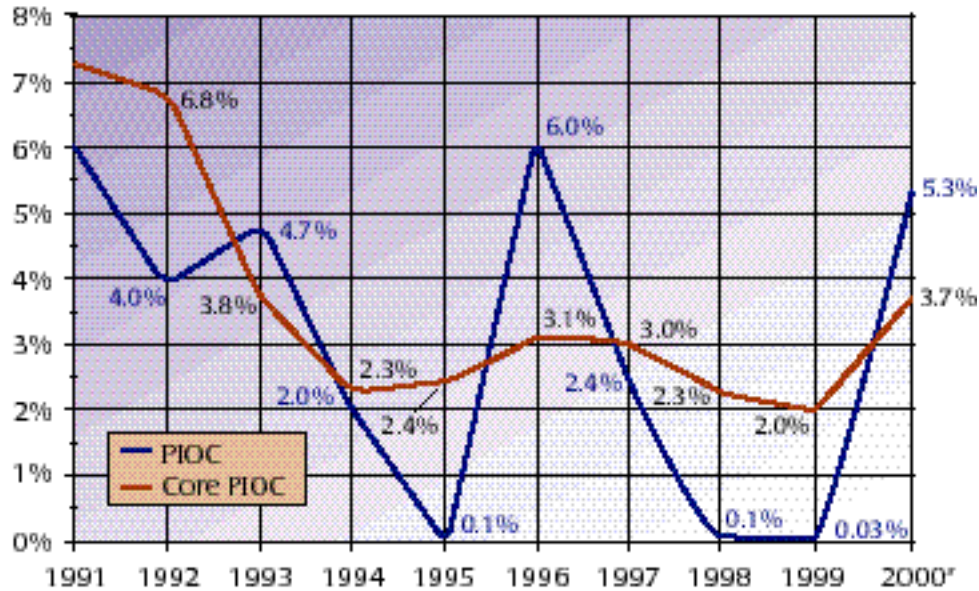
Taxes	0.4%
Labor Costs	4.1%
Utilities Costs	-0.4%
Fuel Costs	-17.3%
Contractor Services	3.5%
Administrative Costs, Legal	1.0%
Administrative Costs, Other	3.2%
Insurance Costs	3.5%
Parts & Supplies	2.2%
Replacement Costs	1.7%
All Costs	0.9%

PROJECTED CHANGE IN COSTS FOR RENT STABILIZED APARTMENT BUILDINGS, APRIL 1999 TO APRIL 2000

Taxes	5.3%
Labor Costs	2.7%
Utilities Costs	3.4%
Fuel Costs	22.2%
Contractor Services	3.2%
Administrative Costs	3.4%
Insurance Costs	1.3%
Parts & Supplies	1.9%
Replacement Costs	1.1%
All Projected Costs	5.3%

The "Core" Has Fluctuated Little Since 1994

(Percent Change in the Price Index of Operating Costs and the Core PIOC, 1991-1999)



*Note: The Percent change for 2000 was estimated.

Source: Price Indices of Operating Costs, 1991-1999, PIOC projection for 2000

Taxes +5.3%

Property taxes comprise roughly a quarter of the PIOC. From the mid 1980's to the early 1990's, taxes often rose faster than the overall PIOC. Recently however, slower increases in tax rates and falling or stable assessments meant lower than average increases in taxes.

Class Two properties include rent stabilized apartments, co-ops and condominiums. Within this category, rent stabilized dwellings are classified as either "rental buildings" or "4-10 unit family buildings." Based on the preliminary tax roll, the Finance Department forecasts billable assessments (the assessed value of a property on which tax liability is based) for rental buildings to increase by 8.6%, while billables for 4-10 family buildings are expected to increase by 4.9% in 2000. These are the largest projected increases observed since the early 1990's. However, preliminary assessments are slightly imprecise because following the release of the tentative assessment roll each year, a small percentage of appraisals are contested and overall final assessments are generally reduced.

After adjusting for estimated changes in the class levy share, the value of exemptions, the tax rate, the

value of abatements, and contested assessments, it is estimated that the tax cost to owners will grow by 5.8% and 2.2% respectively for rentals and 4-10 unit properties. Once these tax class categories are combined according to their proportion of the stabilized stock, average property tax bills for rent stabilized buildings, which are predominantly classified as "rental" buildings, are estimated to increase by 5.3% in the next fiscal year.

Labor Based Components

(Labor Costs +2.7%, Administrative Costs +3.4% and Contractor Services +3.2%)

Labor Based Components in the PIOC include "Labor Costs," comprising the wages and benefits of building maintenance workers (e.g. superintendents, porters, etc.), "Contractor Services," which primarily covers the work of plumbers and painters, and "Administrative Costs," which cover management, legal, and accounting fees.

With the contract settlement of Union Local 32-E in June of 1998, all union labor wages and benefits used in the apartment Labor component have been set for the year 2000. Wages for members of Local 32-E will rise 1.8% while wages for Local

32B-32J will rise 2.8%. By combining these increases with three-year averages for the remaining items in the Labor component, an increase of 2.7% is projected in labor costs for the coming year.

Increases in "Administrative Costs" and "Contractor Services" are projected by averaging the growth rates observed in each component over the past three years. Administrative cost increases have been fairly constant over the decade and are estimated to rise by 3.4% over the next year. The cost of Contractor Services has been more variable in the recent past, but are projected to increase by 3.2% next year.

Fuel +22.2%

The cost of fuel oil depends heavily on volatile weather patterns as well as political and economic variables that cannot be reliably predicted. Given these difficulties (and barring unforeseen natural or geo-political events), the cost of fuel oil in New York City is estimated to rise by 22.2% in the coming year after two years of significant cost declines.

The biggest single factor influencing petroleum product prices over the next year will be crude oil prices.⁵ In 1999, average annual crude oil costs are expected to increase by about \$1.50 per barrel, and are projected to recover considerably more in 2000 from the crude oil price collapses experienced last year.

This forecast is driven by an assumption that the shifting balance between world oil production, which is expected to decelerate, and demand, which is expected to rise, begins to reverse the large accumulation of oil in storage. These factors are estimated to result in significant increases in petroleum product prices. The forecast also assumes that the national Gross Domestic Product (GDP) will grow by 3.6% through 1999, and will continue to grow, but at the slower pace of 1.7%, in 2000. Most critically, assuming a "normal" winter (see Endnote 4), which will be significantly colder than that experienced in 1998-99, the commensurate increase in demand for heating fuels and recently announced production cutbacks will in turn sharply accelerate the cost of fuel oil to building owners.

In sum, based on current U.S. Energy Information Administration (EIA) forecasts (see Endnote 5), rising fuel prices and elevated fuel consumption brought about by "normal" weather conditions are estimated to increase fuel oil costs to owners of stabilized buildings in New York City by 22.2% in the next year.

Insurance Costs +1.3%

Insurance Costs for rent stabilized buildings rebounded from last year's decrease (-1.5%) rising to 3.5% in 1999. This highly variable component showed an increase of 1.9% in 1997. Based on the latest three-year average, Insurance Costs are estimated to rise by 1.3% over the coming year.

Utility Costs +3.4%

In the PIOC, the costs of electricity, natural gas, water and sewer service, purchased steam, and telephone service are grouped as "Utility Costs." Water and sewer costs alone account for nearly 60% of this index, while electricity and gas comprise another 38% of the category.

Next year, the overall cost of utilities is estimated to rise by 3.4%. The bulk of this growth will come from rising water and sewer rates (a 4% increase is proposed for the coming year), combined with a small increase in natural gas costs and a negligible decrease in electricity expenses. Natural gas costs are expected to rise by 5.7% and the cost of electricity is estimated to decline by 0.5%.

The New York State Public Service Commission (PSC) estimates that following a recent rate drop, electricity base rates will remain constant in the upcoming year. In April 1999, Con Edison's electricity rates were reduced by 1.5% for most multi-family buildings. Next April, electricity rates for these properties are expected to decline an additional 2%. Additionally, the PSC and Con Edison predict that fuel adjustment clauses (FAC's), which are designed to recover the difference between changing fuel costs and the amount for fuel costs built into the rate, will remain relatively stable over the year, although some increase due to rising fuel costs is likely. Assuming that fuel prices will behave as predicted, the cost of electricity is projected to be relatively unchanged over the coming year, dropping by only 0.5%.

Natural gas costs are estimated to increase by 5.7% next year. With current storage levels above those of last year's levels, natural gas prices are projected to stay relatively constant (see Endnote 5). In addition, both Brooklyn Union Gas and Con Edison project a continuation of their rate freeze next year. Assuming "normal" winter weather, however (which would imply approximately 14% more heating degree-days for the heating season), increased consumption is projected to ultimately produce a strong increase in gas costs. The combination of these factors is estimated to ultimately produce growth in gas costs of 5.7% over the next year.

During the past ten years, Water and Sewer costs have grown the fastest of all the items in the Utilities component. After many double digit increases, water and sewer rates were frozen from FY 1994 to FY 1995. Rates were unfrozen in FY 1996, rising by 5%, followed by increases of 6.5% in FY 1997 and '98. Rates rose less in the last fiscal year, by 4%. Another increase of 4% for FY 2000 should take effect from July 1st, given current proposals before the New York City Water Board.

In total, weighted increases in water/sewer charges and natural gas costs, combined with stable electricity rates, are projected to cause Utility Costs to rise by 3.4% in 1999.

Parts & Supplies +1.9%

The Parts and Supplies component has usually played a very small role in the PIOC, comprising less than 3% of the index in 1999. Continued growth, although modest, has been seen in this component for the past four years. This trend should extend to 2000 when the cost of Parts and Supplies is estimated to increase by 1.9%.

Replacement Costs +1.1%

This component accounted for about one-percent of the entire price index in 1999. Over the past year, Replacement Costs increased by only 1.7%. The modest decade-long trend of growth in Replacement Costs should continue into the next century with costs rising by an estimated 1.1% over the next year.

Commensurate Rent Increase

Throughout its history, the Rent Guidelines Board has used a formula, known as the "commensurate rent increase," to help determine annual rent increases 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 rise for net operating income (NOI) in stabilized buildings to remain constant. The different types of "commensurate" increase described below are primarily meant to provide a foundation, and not a ceiling, for discussion concerning prospective guidelines.

In its simplest form, the commensurate rent increase is the amount of rent growth needed to maintain landlords' current dollar NOI at a constant level. A formula which has been in use since the inception of the Rent Guidelines Board (which is called the "traditional commensurate increase") yields 0% for a one-year lease and 1.8% for a two-year lease, given an increase in operating costs of 0.03%, as indicated by the 1999 PIOC, and the projection of a 5.3% increase next year.⁶

As a means of compensating landlords for cost increases, this "traditional" commensurate rent increase has two major flaws. First, although the formula is supposed to keep landlords' 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 landlords for past O&M increases.

A second flaw of the commensurate formula is that it does not consider the erosion of landlords' 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 commensurate formula.⁷

"TRADITIONAL" COMMENSURATE INCREASE

<u>1 Year Lease</u>	<u>2 Year Lease</u>
0%	1.8%

"NET REVENUE" INCREASES

<u>1 Year Lease</u>	<u>2 Year Lease</u>
0%	0%

"CPI ADJUSTED NOI" INCREASES

<u>1 Year Lease</u>	<u>2 Year Lease</u>
0%	1.5%

Two alternatives to the "traditional" commensurate method have been used by the Rent Guidelines Board. The first, called the "Net Revenue" approach, adjusts for the mix of lease terms. While this takes into consideration the types of leases actually signed by tenants, it does NOT adjust landlords' NOI for inflation. Under the "Net Revenue" formula, a guideline that would preserve NOI in the face of this year's 0.03% increase in PIOC, is 0% for a one-year lease and 0% for a two-year lease.⁸

Another alternative to the traditional commensurate rent increase considers lease terms while adjusting NOI upward to reflect inflation, keeping both O&M and NOI constant. This is commonly called the "CPI Adjusted NOI" formula. A guideline which would preserve NOI in the face of the 1.4% increase in the Consumer Price Index (March '98 to March '99) and the 0.03% rise in the PIOC is 0% for a one-year lease and 1.5% for a two-year lease.⁹

All of these methods have their limitations. The traditional commensurate increase is artificial and does not consider the impact of lease terms or inflation on landlords' income. The "Net Revenue" formula does not attempt to adjust NOI based on changes in interest rates or deflation of landlord profits. The "CPI Adjusted NOI" formula inflates the debt service portion of NOI, even though interest rates have been falling, rather than rising over recent years.

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 Mortgage Survey and the I&E study) and testimony to the Board can be used to modify the various estimates depending on these other considerations.

Methodology

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 questionnaire was returned, the owner/manager was contacted by an interviewer to verify the information (and to obtain additional information if necessary). All of the price information given by the owner/managing agents was confirmed by calling the relevant insurance and management companies and non-union employees.

The sample frame for the Owner Survey included more than 36,000 stabilized buildings registered with the New York State Division of Housing and Community Renewal (DHCR) in 1997. 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 proportional to the share of stabilized buildings in that borough.

In prior years, one questionnaire was sent out for each building chosen from the sample. This "one contact" method had resulted in steadily declining response rates over the past several years. In order to increase the response rate, the "multiple contact" method was used this year. (A similar method was used in the 1998 Recent Movers Survey with much success.) This method differs from the "one contact" method in that it uses a smaller sample size (5,100 in 1999 versus 6,400 buildings in 1998) and several timed mailings to garner an improved response rate.

Three successive mailings were sent at timed intervals to the owner or managing agent of each property selected in the survey sample. The first mailing was an advance postcard notifying people in the sample that they had been selected for the survey and would be receiving a survey questionnaire. The second mailing contained a cover letter explaining the purpose of the survey, the questionnaire and a business reply envelope. The final mailing contained a cover letter thanking those who had sent in the questionnaire and reminding others the importance of sending the questionnaire back. Also included was another copy of the questionnaire along with a business reply envelope.

Roughly 18% of the questionnaires mailed out were returned to the RGB, the highest response rate since the PIOC was brought "in house" in 1991. A total of 671 of these contained information that was used including a record number of verified insurance prices (636) and management fees (89). The number of verified prices in 1998 and 1999 for the Owner Survey is shown in Appendix 1.

Fuel Oil Vendor Survey

Fuel price information is gathered on a monthly basis via a telephone survey. A monthly survey makes it possible to keep in touch with fuel 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 quotes gathered this year was comparable to last year and is contained in Appendix 1.

Real Estate Tax Computations

The sample of buildings used to compute the 1999 tax price relative was drawn by providing a list of rent stabilized properties from DHCR to the Department of Finance. Finance "matched" this list against its records to provide data on assessed value, tax exemptions, and tax abatements for more than 36,000 buildings in FY 1998 and FY 1999. A new and more up-to-date list of rent stabilized buildings was used this year—it included buildings that registered with DHCR in 1997.

The Department of Finance data was used to compute a tax bill for each stabilized building in FY 1998 and FY 1999. The change computed for the PIOC is simply the percentage increase in aggregate tax bills for these buildings from FY 1998 to FY 1999.

Vendor Survey

The Vendor Survey is used to gather price quotes for Contractor Services (e.g. painting), Administrative Costs (e.g. management and attorney fees), Parts & Supplies (e.g. mops), and Replacement Costs (e.g. refrigerators). As in prior years, an effort was made to update the vendor database by adding new vendors and deleting those who no longer carry the products in question. All vendor quotes were obtained over the telephone. The telephone interview procedures used for gathering price quotes were unchanged from prior years. The number of price quotes was the same as in 1998. For a detailed description of the items priced and the number of price quotations obtained for each item, refer to Appendix 1.

Water/Sewer Sample

A new methodology to measure water/sewer costs was devised this year. A random sample of 625 stabilized buildings was drawn from the most recent list of stabilized buildings registered with DHCR. The sample included 487 buildings billed on frontage in both years, 85 buildings billed on metered billing in both years, and 15 properties that switched from frontage to metered billing. About 6% or 38 properties out of the original sample were rejected from the final sample because of missing or unusable

data. With the assistance of DEP staff, each building account was scrutinized to obtain the correct billing amount for the current and prior year. Adjustments had to be made for disputed bills, rebills, rebate program credits, and irregular billing periods that may occur in any account.

Examining preliminary results, it was determined that buildings billed on the frontage scheme, (the system of water/sewer billing based on the size of the building and the number of units and fixtures in a property), nearly all showed increases in water/sewer costs that were exactly equivalent to the rate set by the New York City Water Board—4.0%. However, metered buildings, or buildings that moved from frontage to metered billing over the period, had often highly variable changes in costs.

Two new utility component items were created this year—frontage and metered (which includes buildings billed on frontage in the prior year and metered in the current year)—to more accurately measure water and sewer costs. The sample data showed that the proportion of rent stabilized Class 2 residential properties that were billed on a frontage basis in both years was 83%. Properties which were on metered billing (or frontage-to-metered) over the period was 17%. From this analysis, weights were assigned to the two component items within the utility cost category. Similar to the method used in the three prior years, the Water Board increase of 4.0% in water/sewer rates was used for buildings in the frontage component item.

Actual billing data was collected and analyzed for buildings that were billed via meter in both 1997 and 1998, or changed from frontage to metered billing. The 6.7% increase found in buildings billed on a metered basis should be viewed with caution, however. Because of the substantial variability found in the changes in metered bills over the period and the relatively small sample size, the estimated item price relative for Water & Sewer - Metered is not highly statistically reliable.

Other Items

In addition to the items previously discussed, a number of other pieces of information are needed to complete the PIOC, including union contract and benefit information, Social Security rates, unemployment insurance rates, heating degree-days, and utility rate schedules. These items are used in computing some of the labor components, changes in utility costs for electricity, gas, steam, and telephone, and the cost weighted-change in fuel expenses.

Price Index Projections

The PIOC Projections are estimated by using data from Federal, state and local agencies, estimates from related industry experts and trend forecasting using 3-year averages.

Taxes were projected by using data from the Department of Finance's tentative assessment roll for FY 2000 to estimate (for Class Two properties) the change in class levy share and assessments, the tax rate and the impact of exemptions and abatements in the coming fiscal year. These estimates produce a projected tax cost for the owners of rental and 4-10 family buildings. Labor costs are projected by analyzing labor contract terms supplied by apartment workers unions Local 32B-32J and Local 32-E. Fuel costs are projected by using data and information from the U.S. Energy Information Administration's current *Short-Term Energy Outlook* report which include assumptions about changes in usage according to a projected return to "normal" weather. Utility costs are projected by obtaining rate projections for the coming year from the New York State Public Service Commission, the New York City Water Board, and industry representatives from area utility companies. Natural gas rate projections are combined with assumptions about usage if the coming year's weather had a "normal" number of heating degree-days (see Endnote 4).

The other cost components, Administrative, Contractor Services, Insurance, Parts and Supplies, and Replacement Costs are projected by using 3-year averages of the component price relatives.

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Endnotes

- (1) Adjusted class shares for classes 1, 3 and 4 rose respectively by 1.8%, 2.9% and 0.6% from FY 1998 to FY 1999. Source: New York City Finance Division, Report of the Committee on Finance: "Resolution amending and restating the resolution computing and certifying adjusted base proportion of each class of real property for Fiscal 1999 to the State Board of Real Property Services pursuant to Section 1803-a, Real Property Tax Law."

- (2) This agreement called for all wage increases for currently employed workers to be offset by lower starting salaries for new employees and part-time help, combined with little or no increase in health care or pension benefits.
- (3) According to the Water Board and DEP, water sub-metering is not a desirable option from its perspective for most multi-family structures because it complicates the lien feature of water billing and would greatly add to the administrative burden to the Board by increasing the number of individual accounts, bills to process and meters to read. From the plumbing or owner perspective, there are significant technical issues to consider. While each plumbing situation is unique, to have individual metering, many owners would have to install sub-meters on each and every hot and cold water branch serving each and every apartment in both the kitchen and bath area. The plumbing reconfiguration would likely be extremely cost-prohibitive. Tenants in buildings that are on metered billing may have little incentive to conserve water, however, if their portion of the bill does not reflect their own use.
- (4) "Normal" weather refers to the typical number of heating degree-days measured at Central Park over a given period. 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) Source: *Short-Term Energy Outlook*, April 1999. U.S. Energy Information Administration, Department of Energy.
- (6) The collectability of legally authorized increases is assumed. Calculating the "traditional" Commensurate Rent Increase requires an assumption about next year's PIOC. In this case, the 5.3% PIOC projection for 2000 is used.
- (7) 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), changes in tax laws, and interest rates.
- (8) Under this formula there is no increase in revenue required, since there was virtually no increase in costs. Thus, the increase for both a one- and two-year leases are set at 0%.
- (9) The following assumptions were used: (1) The required increase in landlord revenue is the sum of the increase due to increased costs and the impact of inflation on NOI. The increase in revenue due to costs is 67% of the 1999 PIOC increase of 0.03%, or 0.02%. The 67% figure is the most recent ratio of average audited operating costs to average rents in stabilized buildings. The increase in revenue due to the impact of inflation on NOI is 33% times the latest March 1998 to March 1999 12-month increase in the CPI (1.4%) or .48%. Thus, the total increase in landlord income required is 0.5%. (2) Assumptions regarding lease renewals were derived from the 1996 Housing and Vacancy Survey. These terms are only illustrative. Other combinations of terms could produce the 0.5% increase in landlord revenue.

Appendix

1. PIOC Sample, Number of Price Quotes per Item, 1998 vs. 1999

Spec	Description	1998	1999	Spec	Description	1998	1999
211	Apartment Value	112	158	701	INSURANCE COSTS	400	636
212	Non-Union Super	63	87				
216	Non-Union Janitor/Porter	48	53	801	Light bulbs	5	6
	LABOR COST	223	298	802	Light Switch	5	6
				803	Wet Mop	5	8
301	Fuel Oil #2	33	32	804	Floor Wax	5	5
302	Fuel Oil #4	10	9	805	Paint	12	14
303	Fuel Oil #6	8	7	806	Pushbroom	5	6
	FUEL COSTS	51	48	807	Detergent	5	8
				808	Bucket	14	10
501	Repainting	110	126	809	Washers	13	10
502	Plumbing,Faucet	32	32	810	Linens	10	10
503	Plumbing,Stoppage	33	28	811	Pine Disinfectant	5	5
504	Elevator #1	12	11	812	Window/Glass Cleaner	5	9
505	Elevator #2	12	11	813	Switch Plate	6	6
506	Elevator #3	11	11	814	Duplex Receptacle	6	7
507	Burner Repair	12	10	815	Toilet Seat	12	13
508	Boiler Repair,Tube	12	10	816	Deck Faucet	12	11
509	Boiler Repair,Weld	7	5		PARTS & SUPPLIES	125	134
510	Refrigerator Repair	6	9	901	Refrigerator #1	10	10
511	Range Repair	11	12	902	Refrigerator #2	10	10
512	Roof Repair	22	22	903	Air Conditioner #1	5	5
513	Air Conditioner Repair	5	8	904	Air Conditioner #2	5	5
514	Floor Maint. #1	8	6	905	Floor Runner	8	6
515	Floor Maint. #2	8	6	906	Dishwasher	6	5
516	Floor Maint. #3	8	6	907	Range #1	5	5
518	Linen/Laundry Service	5	5	908	Range #2	6	6
	CONTRACTOR SERVICES	314	318	909	Carpet	12	11
				910	Dresser	5	5
601	Management Fees	60	89	911	Mattress & Box Spring	6	6
602	Accountant Fees	29	28		REPLACEMENT COSTS	78	74
603	Attorney Fees	21	21				
604	Newspaper Ads	18	18				
605	Agency Fees	5	5				
606	Lease Forms	10	7				
607	Bill Envelopes	11	10				
608	Ledger Paper	9	5				
	ADMINISTRATIVE COSTS	163	183		All Items	1354	1691

2. Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Apartments, 1999

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error	Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES,FEES,& PERMITS	0.2581	1.0037	0.37%	0.0467	601	Management Fees	0.6814	1.0302	3.02%	0.7232
201	Payroll,Bronx,All	0.1212	1.0376	3.76%	0.0000	602	Accountant Fees	0.1414	1.0397	3.97%	1.6352
202	Payroll,Other,Union,Supts.	0.1181	1.0253	2.53%	0.0000	603	Attorney Fees	0.1376	1.0095	0.95%	0.6342
203	Payroll,Other,Union,Other	0.2908	1.0266	2.66%	0.0000	604	Newspaper Ads	0.0044	1.0457	4.57%	10.1979
204	Payroll,Other,Non-Union,All	0.2727	1.0616	6.16%	1.0231	605	Agency Fees	0.0055	1.0178	1.78%	1.1230
205	Social Security Insurance	0.0472	1.0300	3.00%	0.0000	606	Lease Forms	0.0101	1.0734	7.34%	6.0261
206	Unemployment Insurance	0.0083	0.7911	-20.89%	0.0000	607	Bill Envelopes	0.0103	1.0135	1.35%	1.3383
207	Private Health & Welfare	0.1418	1.0159	1.59%	0.0000	608	Ledger Paper	0.0093	1.0000	0.00%	0.0000
	LABOR COSTS	0.1705	1.0340	3.40%	0.2790		ADMINISTRATIVE COSTS	0.0861	1.0287	2.87%	0.5567
301	Fuel Oil #2	0.2673	0.8745	-12.55%	0.7896	701	INSURANCE COSTS	0.0643	1.0346	3.46%	0.2740
302	Fuel Oil #4	0.2134	0.8046	-19.54%	0.8469	801	Light Bulbs	0.0385	1.0221	2.21%	2.0825
303	Fuel Oil #6	0.5193	0.7912	-20.88%	0.8539	802	Light Switch	0.0487	1.0303	3.03%	8.0072
	FUEL	0.0898	0.8163	-18.37%	0.5233	803	Wet Mop	0.0420	0.9990	-0.10%	0.1048
401	Electricity #1,2,500 KWH	0.0132	0.9314	-6.86%	0.0000	804	Floor Wax	0.0406	1.0000	0.00%	0.0000
402	Electricity #2,15,000 KWH	0.1646	0.9247	-7.53%	0.0000	805	Paint	0.2150	1.0445	4.45%	2.3867
403	Electricity #3,82,000 KWH	0.0000	0.9257	-7.43%	0.0000	806	Pushbroom	0.0368	1.0208	2.08%	6.9035
404	Gas #1,12,000 therms	0.0050	0.9312	-6.88%	0.0000	807	Detergent	0.0336	1.0000	0.00%	0.0000
405	Gas #2,65,000 therms	0.0546	0.9237	-7.63%	0.0000	808	Bucket	0.0429	1.0207	2.07%	2.4050
406	Gas #3,214,000 therms	0.1385	0.9234	-7.66%	0.0000	809	Washers	0.1020	1.0031	0.31%	0.3682
407	Steam #1,1.2m lbs	0.0156	0.9195	-8.05%	0.0000	811	Pine Disinfectant	0.0493	1.0000	0.00%	0.0000
408	Steam #2,2.6m lbs	0.0058	0.9062	-9.38%	0.0000	812	Window/Glass Cleaner	0.0529	1.0000	0.00%	0.0000
409	Telephone	0.0120	0.9655	-3.45%	0.0000	813	Switch Plate	0.0427	1.0754	7.54%	6.8486
410	Water & Sewer - Frontage	0.4902	1.0400	4.00%	0.0000	814	Duplex Receptacle	0.0349	1.0229	2.29%	2.3091
411	Water & Sewer - Metered	0.1004	1.0672	6.72%	4.75784	815	Toilet Seat	0.1011	1.0000	0.00%	1.0026
	UTILITIES	0.1473	0.9957	-0.43%	0.4777	816	Deck Faucet	0.1190	1.0327	3.27%	3.2801
501	Repainting	0.4043	1.0432	4.32%	1.0926		PARTS AND SUPPLIES	0.0229	1.0217	2.17%	0.8677
502	Plumbing,Faucet	0.1393	1.0265	2.65%	1.2645	901	Refrigerator #1	0.0894	1.0218	2.18%	1.3097
503	Plumbing,Stoppage	0.1241	1.0547	5.47%	2.2691	902	Refrigerator #2	0.4749	1.0271	2.71%	1.3972
504	Elevator #1,6 fl.,1 e.	0.0549	1.0250	2.50%	1.3562	903	Air Conditioner #1	0.0173	1.0075	0.75%	0.7817
505	Elevator #2,13 fl.,2 e.	0.0372	1.0093	0.93%	0.4436	904	Air Conditioner #2	0.0221	1.0268	2.68%	1.8800
506	Elevator #3,19 fl.,3 e.	0.0214	1.0089	0.89%	0.4175	905	Floor Runner	0.0860	1.0338	3.38%	2.9744
507	Burner Repair	0.0387	1.0442	4.42%	1.6239	906	Dishwasher	0.0465	1.0415	4.15%	2.6741
508	Boiler Repair,Tube	0.0463	1.0307	3.07%	2.9937	907	Range #1	0.0450	1.0000	0.00%	0.0000
509	Boiler Repair,Weld	0.0351	1.0000	0.00%	0.0000	908	Range #2	0.2188	0.9835	-1.65%	1.1906
510	Refrigerator Repair	0.0134	1.0078	0.78%	0.8166		REPLACEMENT COSTS	0.0100	1.01675	1.67%	0.7776
511	Range Repair	0.0142	1.0210	2.10%	0.9970		ALL ITEMS	1.0000	1.00026	0.03%	0.1430
512	Roof Repair	0.0558	1.0294	2.94%	1.5893						
513	Air Conditioner Repair	0.0093	1.0000	0.00%	0.0000						
514	Floor Maint.#1,Studio	0.0003	1.0000	0.00%	0.0000						
515	Floor Maint.#2,1 Br.	0.0006	1.0000	0.00%	0.0000						
516	Floor Maint.#3,2 Br.	0.0051	1.0000	0.00%	0.0000						
	CONTRACTORSERVICES	0.1511	1.0350	3.50%	0.5854						

3. Price Relatives by Building Type, Apartments, 1999

Spec #	Item Description	Pre-1947	Post-1946	Gas Heated	Oil Heated	MASTER METERED BLDGS	Spec #	Item Description	Pre-1947	Post-1946	Gas Heated	Oil Heated	MASTER METERED BLDGS							
101	TAXES,FEES, & PERMITS	1.0037	1.0037	1.0037	1.0037	1.0037	601	Management Fees	0.6256	0.7974	0.6513	0.7076	0.4749							
201	Payroll,Bronx,All	0.1727	0.0721	0.0020	0.1524	0.0000	602	Accountant Fees	0.1732	0.1144	0.1041	0.1569	0.3558							
202	Payroll,Other,Union,Supts.	0.1230	0.1188	0.1479	0.1097	0.0934	603	Attorney Fees	0.1736	0.0960	0.2329	0.1232	0.1414							
203	Payroll,Other,Union,Other	0.1791	0.4347	0.3479	0.2822	0.3780	604	Newspaper Ads	0.0056	0.0033	0.0077	0.0042	0.0046							
204	Payroll,Other,Non-Union,All	0.3902	0.1746	0.3549	0.2901	0.4189	605	Agency Fees	0.0068	0.0039	0.0092	0.0050	0.0055							
205	Social Security Insurance	0.0444	0.0535	0.0523	0.0477	0.0456	606	Lease Forms	0.0154	0.0051	0.0075	0.0114	0.0171							
206	Unemployment Insurance	0.0063	0.0068	0.0070	0.0067	0.0087	607	Bill Envelopes	0.0149	0.0049	0.0073	0.0110	0.0165							
207	Private Health & Welfare	0.1223	0.1688	0.1229	0.1455	0.0922	608	Ledger Paper	0.0133	0.0044	0.0065	0.0098	0.0147							
LABOR COSTS						1.0381	1.0293	1.0349	1.0342	1.0369	ADMINISTRATIVE COSTS			1.0150	1.0250	1.0199	1.0193	1.0159		
301	Fuel Oil #2	0.2828	0.0845	0.0058	0.2330	0.3489	701	INSURANCE COSTS	1.0346	1.0346	1.0346	1.0346	1.0346							
302	Fuel Oil #4	0.2050	0.0703	0.1242	0.1689	0.1264	801	Light Bulbs	0.0385	0.0412	0.0402	0.0391	0.0760							
303	Fuel Oil #6	0.3337	0.6456	0.6639	0.4143	0.3512	802	Light Switch	0.0491	0.0525	0.0513	0.0499	0.0969							
FUEL						0.8215	0.8004	0.7938	0.8162	0.8265	803	Wet Mop	0.0396	0.0474	0.0336	0.0461	0.0544			
401	Electricity #1, 2,500 KWH	0.0182	0.0009	0.0212	0.0095	0.0000	804	Floor Wax	0.0383	0.0458	0.0325	0.0446	0.0527							
402	Electricity #2, 15,000 KWH	0.1226	0.2104	0.0705	0.1876	0.0000	805	Paint	0.2267	0.2196	0.2540	0.2161	0.1165							
403	Electricity #3, 82,000 KWH	0.0000	0.0000	0.0000	0.0000	0.4655	806	Pushbroom	0.0373	0.0379	0.0269	0.0369	0.0435							
404	Gas #1, 12,000 therms	0.0066	0.0009	0.0041	0.0051	0.0002	807	Detergent	0.0317	0.0380	0.0270	0.0369	0.0436							
405	Gas #2, 65,000 therms	0.0625	0.0267	0.1261	0.0277	0.0138	808	Bucket	0.0413	0.0494	0.0350	0.0479	0.0566							
406	Gas #3, 214,000 therms	0.1172	0.1487	0.3784	0.0313	0.0452	809	Washers	0.1073	0.0912	0.1104	0.0982	0.0551							
407	Steam #1, 1.2m lbs	0.0001	0.0424	0.0011	0.0001	0.0000	811	Pine Disinfectant	0.0483	0.0516	0.0504	0.0490	0.0952							
408	Steam #2, 2.6m lbs	0.0001	0.0156	0.0003	0.0001	0.0000	812	Window/Glass Cleaner	0.0518	0.0554	0.0541	0.0525	0.1022							
409	Telephone	0.0128	0.0092	0.0076	0.0135	0.0151	813	Switch Plate	0.0433	0.0517	0.0367	0.0502	0.0594							
410	Water & Sewer - Frontage	0.5463	0.4384	0.2943	0.6072	0.3604	814	Duplex Receptacle	0.0337	0.0403	0.0286	0.0392	0.0463							
411	Water & Sewer - Metered	0.1148	0.0921	0.0619	0.1276	0.0757	815	Toilet Seat	0.1059	0.0901	0.1090	0.0971	0.0544							
UTILITIES						1.0011	0.9852	0.9654	1.0097	0.9758	PARTS AND SUPPLIES			1.0217	1.0218	1.0222	1.0216	1.0189		
501	Repainting	0.4025	0.4742	0.5559	0.3887	0.3676	901	Refrigerator #1	0.0881	0.0990	0.0741	0.0993	0.0805							
502	Plumbing,Faucet	0.1651	0.0826	0.1384	0.1400	0.1565	902	Refrigerator #2	0.4809	0.5037	0.4038	0.5053	0.4100							
503	Plumbing,Stoppage	0.1506	0.0767	0.1286	0.1301	0.1454	903	Air Conditioner #1	0.0092	0.0367	0.0235	0.0155	0.0110							
504	Elevator #1, 6 fl., 1 e.	0.0702	0.0185	0.0230	0.0629	0.0009	904	Air Conditioner #2	0.0120	0.0475	0.0303	0.0200	0.0142							
505	Elevator #2, 13 fl., 2 e.	0.0189	0.0884	0.0053	0.0473	0.1034	905	Floor Runner	0.0840	0.1002	0.0470	0.1006	0.2397							
506	Elevator #3, 19 fl., 3 e.	0.0073	0.0604	0.0445	0.0175	0.0368	906	Dishwasher	0.0417	0.0642	0.1522	0.0234	0.0142							
507	Burner Repair	0.0409	0.0393	0.0205	0.0473	0.0360	907	Range #1	0.0512	0.0306	0.0489	0.0458	0.0450							
508	Boiler Repair,Tube	0.0483	0.0463	0.0242	0.0558	0.0425	908	Range #2	0.2481	0.1385	0.2371	0.2071	0.2033							
509	Boiler Repair,Weld	0.0355	0.0340	0.0178	0.0409	0.0312	REPLACEMENT COSTS			1.0152	1.0204	1.0168	1.0168	1.0180						
510	Refrigerator Repair	0.0131	0.0144	0.0129	0.0136	0.0073	ALL ITEMS						0.9958	1.0002	1.0070	0.9949	0.9949			
511	Range Repair	0.0141	0.0155	0.0139	0.0147	0.0078														
512	Roof Repair	0.0621	0.0447	0.0405	0.0630	0.0462														
513	Air Conditioner Repair	0.0025	0.0278	0.0039	0.0064	0.0326														
514	Floor Maint. #1,Studio	0.0002	0.0005	0.0004	0.0004	0.0006														
515	Floor Maint. #2, 1 Br.	0.0005	0.0008	0.0007	0.0005	0.0091														
516	Floor Maint. #3, 2 Br.	0.0040	0.0081	0.0070	0.0052	0.0086														
CONTRACTOR SERVICES						1.0360	1.0323	1.0374	1.0344	1.0324										

4. Percentage Change in Real Estate Tax Sample by Borough and Source of Change, Apartments and Hotels, 1999

	% Change Due to Assessments	% Change Due to Exemptions	% Change Due to Abatements	% Change Due to Tax Rate	% Change Due to Interactions	Total % Change
APARTMENTS						
Manhattan	3.54%	0.26%	0.17%	-3.15%	-0.09%	0.72%
Bronx	7.48%	-4.05%	1.74%	-5.60%	-0.10%	-0.52%
Brooklyn	1.05%	-0.10%	0.21%	-1.03%	-0.03%	0.10%
Queens	4.80%	-0.58%	0.42%	-4.77%	-0.12%	-0.25%
Staten Island	2.30%	-0.65%	0.24%	-3.34%	-0.05%	-1.49%
Total	3.11%	-0.15%	0.30%	-2.81%	-0.08%	0.37%
HOTELS						
Hotels	9.88%	-0.17%	0.00%	0.19%	0.04%	9.94%
Rooming Houses	5.15%	-0.20%	-0.01%	-2.30%	-0.08%	2.56%
SROs	3.73%	0.12%	0.52%	-1.11%	-0.06%	3.20%
Total	6.45%	-0.02%	0.29%	-0.92%	-0.03%	5.77%

Note : Totals may not add due to rounding.

5. Tax Change by Borough and Community Board, Apartments, 1999

Borough	Community Board	Number of Buildings	Tax Relative	Borough	Community Board	Number of Buildings	Tax Relative	Borough	Community Board	Number of Buildings	Tax Relative	
Manhattan	All	13,029	0.72	(Bronx cont.)	8	336	-0.9	(Queens cont.)	1	1,782	0.9	
	1	33	-1.0		9	272	2.9		2	832	2.1	
	2	1,236	1.4		10	172	2.5		3	403	0.3	
	3	1,490	0.6		11	284	1.6		4	350	-0.2	
	4	1,081	1.0		12	379	0.4		5	1,137	1.9	
	5	338	3.3	Brooklyn	All	11,776	0.10		6	338	-1.2	
	6	974	0.2		1	1,427	2.4		7	439	-0.3	
	7	2,277	0.9		2	686	0.5		8	195	-2.3	
	8	2,382	0.5		3	586	1.5		9	196	2.0	
	9	703	-1.4		4	1,206	3.8		10	81	-0.5	
	10	653	-3.3		5	264	2.3		11	132	0.2	
	11	496	3.2		6	972	2.4		12	143	0.3	
	12	1,366	-0.1		7	850	1.8		13	47	-2.7	
Lower Man.	1-8	9811	0.82		8	820	1.4	Staten Island	All	173	-1.49	
					9	523	-0.3		1	110	-1.4	
Upper Man	9-12	3218	-0.3		10	838	0.6		2	39	-1.9	
					11	735	0.5		3	24	-1.2	
Bronx	All	4,401	-0.52		12	613	0.4		No Com. Board Listed		731	NA
	1	232	-4.9		13	188	-4.8					
	2	147	-27.1		14	859	0.4					
	3	180	-10.4		15	385	-1.2					
	4	601	-2.5		16	193	4.1					
	5	562	1.1		17	563	-0.9					
	6	355	0.4		18	68	-2.8					
	7	881	2.1	Queens	All	6,159	-0.25	Citywide	All	35,538	0.37	

6. Expenditure Weights, Price Relatives, Percent Changes and Standard Errors, All Hotels, 1999

Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error	Spec #	Item Description	Expenditure Weights	Price Relative	% Change	Standard Error
101	TAXES,FEES,& PERMITS	0.2276	1.0577	5.77%	0.1801	601	Management Fees	0.6123	1.0302	3.02%	0.7232
205	Social Security Insurance	0.0584	1.0300	3.00%	0.0000	602	Accountant Fees	0.0818	1.0397	3.97%	1.6352
206	Unemployment Insurance	0.0181	0.7911	-20.89%	0.0000	603	Attorney Fees	0.1430	1.0095	0.95%	0.6342
208	Hotel Private Health/Welfare	0.0361	1.0239	2.39%	0.0000	604	Newspaper Ads	0.1032	1.0457	4.57%	10.1979
209	Hotel Union Labor	0.3321	1.0295	2.95%	0.0000	605	Agency Fees	0.0240	1.0178	1.78%	1.12297
210	SRO Union Labor	0.0130	1.0269	2.69%	0.0000	606	Lease Forms	0.0114	1.0734	7.34%	6.02605
211	Apartment Value	0.1168	1.0457	4.57%	0.5657	607	Bill Envelopes	0.0139	1.0135	1.35%	1.3383
212	Non-Union Superintendent	0.3016	1.0621	6.21%	1.2039	608	Ledger Paper	0.0106	1.0000	0.00%	0.0000
213	Non-Union Maid	0.0000	0.0000	NA	0.0000		ADMINISTRATIVE COSTS	0.0969	1.0293	2.93%	1.1552
214	Non-Union Desk Clerk	0.0000	0.0000	NA	0.0000						
215	Non-Union Maintenance Worker	0.0000	0.0000	NA	0.0000	701	INSURANCE COSTS	0.0361	1.0346	3.46%	0.2740
216	Non-Union Janitor/Porter	0.1240	1.0601	6.01%	1.9611						
	LABOR COSTS	0.1886	1.0405	4.05%	0.4419	801	Light Bulbs	0.0161	1.0221	2.21%	2.0825
301	Fuel Oil #2	0.6999	0.8745	-12.55%	0.7896	802	Light Switch	0.0185	1.0303	3.03%	8.0072
302	Fuel Oil #4	0.0145	0.8046	-19.54%	0.8469	803	Wet Mop	0.0501	0.9990	-0.10%	0.1048
303	Fuel Oil #6	0.2857	0.7912	-20.88%	0.8539	804	Floor Wax	0.0511	1.0000	0.00%	0.0000
	FUEL	0.0946	0.8497	-15.03%	0.6042	805	Paint	0.1194	1.0445	4.45%	2.3867
401	Electricity #1,2,500 KWH	0.0797	0.9314	-6.86%	0.0000	806	Pushbroom	0.0422	1.0208	2.08%	6.9035
402	Electricity #2,15,000 KWH	0.0839	0.9247	-7.53%	0.0000	807	Detergent	0.0455	1.0000	0.00%	0.0000
403	Electricity #3,82,000 KWH	0.2605	0.9257	-7.43%	0.0000	808	Bucket	0.0529	1.0207	2.07%	2.4050
404	Gas #1,12,000 therms	0.0468	0.9312	-6.88%	0.0000	809	Washers	0.0515	1.0031	0.31%	0.3682
405	Gas #2,65,000 therms	0.0360	0.9237	-7.63%	0.0000	810	Linens	0.3078	1.0604	6.04%	6.0023
406	Gas #3,214,000 therms	0.1479	0.9234	-7.66%	0.0000	811	Pine Disinfectant	0.0195	1.0000	0.00%	0.0000
407	Steam #1,1.2m lbs	0.0002	0.9195	-8.05%	0.0000	812	Window/Glass Cleaner	0.0207	1.0000	0.00%	0.0000
409	Telephone	0.1876	0.9655	-3.45%	0.0000	813	Switch Plate	0.0511	1.0754	7.54%	6.8486
410	Water & Sewer - Frontage	0.1306	1.0400	4.00%	0.0000	814	Duplex Receptacle	0.0425	1.0229	2.29%	2.3091
411	Water & Sewer - Metered	0.0268	1.0672	6.72%	4.7578	815	Toilet Seat	0.0510	1.0000	0.00%	1.0026
	UTILITIES	0.1667	0.9521	-4.79%	0.1273	816	Deck Faucet	0.0601	1.0327	3.27%	3.2801
501	Repainting	0.2050	1.0432	4.32%	1.0926		PARTS AND SUPPLIES	0.0607	1.0337	3.37%	1.9474
502	Plumbing,Faucet	0.0802	1.0265	2.65%	1.2645	901	Refrigerator #1	0.0193	1.0218	2.18%	1.3097
503	Plumbing,Stoppage	0.0756	1.0547	5.47%	2.2691	902	Refrigerator #2	0.1016	1.0271	2.71%	1.3972
504	Elevator #1,6 fl.,1 e.	0.0342	1.0250	2.50%	1.3562	903	Air Conditioner #1	0.0622	1.0075	0.75%	0.7817
505	Elevator #2,13 fl.,2 e.	0.0319	1.0093	0.93%	0.4436	904	Air Conditioner #2	0.0750	1.0268	2.68%	1.8800
506	Elevator #3,19 fl.,3 e.	0.0301	1.0089	0.89%	0.4175	907	Range #1	0.0085	1.0000	0.00%	0.0000
507	Burner Repair	0.0258	1.0442	4.42%	1.6239	908	Range #2	0.0425	0.9835	-1.65%	1.1906
508	Boiler Repair,Tube	0.0278	1.0307	3.07%	2.9937	909	Carpet	0.3408	1.0364	3.64%	2.3539
509	Boiler Repair,Weld	0.0249	1.0000	0.00%	0.8166	910	Dresser	0.1786	1.0210	2.10%	2.2156
511	Range Repair	0.1518	1.0210	2.10%	0.9970	911	Mattress & Box Spring	0.1715	1.0267	2.67%	2.1791
512	Roof Repair	0.0229	1.0294	2.94%	1.5893		REPLACEMENT COSTS	0.0254	1.0257	2.57%	0.9926
513	Air Conditioner Repair	0.0436	1.0000	0.00%	0.0000						
514	Floor Maint.#1,Studio	0.0009	1.0000	0.00%	0.0000						
515	Floor Maint.#2,1 Br.	0.0020	1.0000	0.00%	0.0000						
516	Floor Maint.#3,2 Br.	0.0177	1.0000	0.00%	0.0000						
518	Linen/Laundry Service	0.2257	1.0000	0.00%	0.0000						
	CONTRACTORSERVICES	0.1035	1.0224	2.24%	0.3540		ALL ITEMS	1.0000	1.0076	0.76%	0.2023

7. Price Relative by Hotel Type, 1999

Spec #	Item Description	Hotel	RH	SRO	Spec #	Item Description	Hotel	RH	SRO
101	TAXES,FEES,& PERMITS	1.0994	1.0256	1.0320	601	Management Fees	0.6776	0.4897	0.5783
205	Social Security Insurance	0.0765	0.0567	0.0353	602	Accountant Fees	0.0558	0.1829	0.1102
206	Unemployment Insurance	0.0132	0.0108	0.0203	603	Attorney Fees	0.1121	0.2046	0.2082
208	Hotel Private Health/Welfare	0.0548	0.0000	0.0052	604	Newspaper Ads	0.1322	0.0535	0.0670
209	Hotel Union Labor	0.5214	0.0000	0.0000	605	Agency Fees	0.0209	0.0389	0.0255
210	SRO Union Labor	0.0000	0.0000	0.0651	606	Lease Forms	0.0104	0.0194	0.0127
211	Apartment Value	0.0342	0.4274	0.1806	607	Bill Envelopes	0.0120	0.0223	0.0146
212	Non-Union Superintendent	0.1082	0.4376	0.5699	608	Ledger Paper	0.0091	0.0168	0.0110
213	Non-Union Maid	0.0000	0.0000	0.0000		ADMINISTRATIVE COSTS	1.0301	1.0279	1.0276
214	Non-Union Desk Clerk	0.0000	0.0000	0.0000					
215	Non-Union Maintenance Worker	0.0000	0.0000	0.0000	701	INSURANCE COSTS	1.0346	1.0346	1.0346
216	Non-Union Janitor/Porter	0.2275	0.1172	0.1720					
	LABOR COSTS	1.0357	1.0497	1.0485	801	Light Bulbs	0.0055	0.0387	0.0320
301	Fuel Oil #2	0.6517	0.8745	0.2671	802	Light Switch	0.0064	0.0449	0.0372
302	Fuel Oil #4	0.0000	0.0000	0.0677	803	Wet Mop	0.0657	0.0233	0.0239
303	Fuel Oil #6	0.2015	0.0000	0.4829	804	Floor Wax	0.0671	0.0238	0.0243
	FUEL	0.8533	0.8745	0.8177	805	Paint	0.0569	0.3259	0.1738
401	Electricity #1,2,500 KWH	0.0033	0.4091	0.0636	806	Pushbroom	0.0566	0.0200	0.0205
402	Electricity #2,15,000 KWH	0.0775	0.0000	0.1332	807	Detergent	0.0597	0.0211	0.0217
403	Electricity #3,82,000 KWH	0.3080	0.0000	0.1920	808	Bucket	0.0709	0.0251	0.0257
404	Gas #1,12,000 therms	0.0032	0.2717	0.0104	809	Washers	0.0146	0.0848	0.1370
405	Gas #2,65,000 therms	0.0269	0.0000	0.0778	810	Linens	0.4604	0.0948	0.1035
406	Gas #3,214,000 therms	0.1412	0.0000	0.2182	811	Pine Disinfectant	0.0066	0.0458	0.0379
407	Steam #1,1.2m lbs	0.0000	0.0018	0.0000	812	Window/Glass Cleaner	0.0070	0.0486	0.0402
409	Telephone	0.2450	0.0280	0.0795	813	Switch Plate	0.0721	0.0255	0.0262
410	Water & Sewer - Frontage	0.1214	0.2055	0.1436	814	Duplex Receptacle	0.0571	0.0202	0.0207
411	Water & Sewer - Metered	0.0255	0.0432	0.0302	815	Toilet Seat	0.0144	0.0836	0.1350
	UTILITIES	0.9521	0.9593	0.9484	816	Deck Faucet	0.0175	0.1018	0.1644
501	Repainting	0.2199	0.2496	0.1686		PARTS AND SUPPLIES	1.0384	1.0280	1.0239
502	Plumbing,Faucet	0.0331	0.1908	0.1559	901	Refrigerator #1	0.0085	0.0433	0.0391
503	Plumbing,Stoppage	0.0320	0.1848	0.1547	902	Refrigerator #2	0.0453	0.2293	0.2074
504	Elevator #1,6 fl.,1 e.	0.0490	0.0000	0.0165	903	Air Conditioner #1	0.0930	0.0114	0.0000
505	Elevator #2,13 fl.,2 e.	0.0450	0.0000	0.0151	904	Air Conditioner #2	0.1144	0.0140	0.0000
506	Elevator #3,19 fl.,3 e.	0.0424	0.0000	0.0142	907	Range #1	0.0014	0.0167	0.0263
507	Burner Repair	0.0090	0.0283	0.0836	908	Range #2	0.0066	0.0823	0.1291
508	Boiler Repair,Tube	0.0096	0.0301	0.0889	909	Carpet	0.3369	0.3915	0.3779
509	Boiler Repair,Weld	0.0083	0.0262	0.0771	910	Dresser	0.2139	0.1205	0.1237
511	Range Repair	0.1824	0.0601	0.1383	911	Mattress & Box Spring	0.2066	0.1163	0.1195
512	Roof Repair	0.0360	0.0018	0.0000		REPLACEMENT COSTS	1.0266	1.0253	1.0231
513	Air Conditioner Repair	0.0368	0.0734	0.0436					
514	Floor Maint.#1,Studio	0.0003	0.0021	0.0020					
515	Floor Maint.#2,1 Br.	0.0007	0.0042	0.0042					
516	Floor Maint.#3,2 Br.	0.0064	0.0387	0.0379					
518	Linen/Laundry Service	0.3081	0.1382	0.0280					
	CONTRACTOR SERVICES	1.0190	1.0282	1.0287		ALL ITEMS	1.0251	0.9973	0.9982

8. Expenditure Weights and Price Relatives, Lofts, 1999

Spec #	Item Description	Weights	Price Relative	Spec #	Item Description	Weights	Price Relative
101	TAXES	0.2482	1.0037		ADMINISTRATIVE COSTS,LEGAL	0.1149	1.0095
201	Payroll,Bronx,All	0.0000	1.0376	601	Management Fees	0.7986	1.0302
202	Payroll,Other, Union,Supts.	0.2973	1.0253	602	Accountant Fees	0.1531	1.0397
203	Payroll,Other, Union,Other	0.0000	1.0266	604	Newspaper Ads	0.0054	1.0457
204	Payroll,Other, Non-Union,All	0.5230	1.0616	605	Agency Fees	0.0067	1.0178
205	Social Security Insurance	0.0470	1.0300	606	Lease Forms	0.0111	1.0734
206	Unemployment Insurance	0.0093	0.7911	607	Bill Envelopes	0.0134	1.0135
207	Private Health & Welfare	0.1234	1.0159	608	Ledger Paper	0.0118	1.0000
	LABOR COSTS	0.1126	1.0412		ADMINISTRATIVE COSTS - OTHER	0.1039	1.0316
301	Fuel Oil #2	0.3431	0.8745	701	INSURANCE COSTS	0.1566	1.0346
302	Fuel Oil #4	0.5459	0.8046				
303	Fuel Oil #6	0.1110	0.7912	801	Light Bulbs	0.0385	1.0221
	FUEL	0.0573	0.8271	802	Light Switch	0.0487	1.0303
401	Electricity #1,2,500 KWH	0.0132	0.9314	803	Wet Mop	0.0420	0.9990
402	Electricity #2,15,000 KWH	0.1657	0.9247	804	Floor Wax	0.0406	1.0000
403	Electricity #3,82,000 KWH	0.0000	0.9257	805	Paint	0.2149	1.0445
404	Gas #1,12,000 therms	0.0050	0.9312	806	Pushbroom	0.0368	1.0208
405	Gas #2,65,000 therms	0.0546	0.9237	807	Detergent	0.0336	1.0000
406	Gas #3,214,000 therms	0.1383	0.9234	808	Bucket	0.0429	1.0207
407	Steam #1,1.2m lbs	0.0156	0.9195	809	Washers	0.1021	1.0031
408	Steam #2,2.6m lbs	0.0058	0.9062	811	Pine Disinfectant	0.0492	1.0000
409	Telephone	0.0120	0.9655	812	Window/Glass Cleaner	0.0530	1.0000
410	Water & Sewer - Frontage	0.4896	1.0400	813	Switch Plate	0.0426	1.0754
411	Water & Sewer - Metered	0.1003	1.0672	814	Duplex Receptacle	0.0349	1.0229
	UTILITIES	0.0815	0.9956	815	Toilet Seat	0.1010	1.0000
				816	Deck Faucet	0.1191	1.0327
501	Repainting	0.4042	1.0432		PARTS AND SUPPLIES	0.0240	1.0217
502	Plumbing,Faucet	0.1394	1.0265	901	Refrigerator #1	0.0895	1.0218
503	Plumbing,Stoppage	0.1241	1.0547	902	Refrigerator #2	0.4749	1.0271
504	Elevator #1,6 fl.,1 e.	0.0549	1.0250	903	Air Conditioner #1	0.0174	1.0075
505	Elevator #2,13 fl.,2 e.	0.0373	1.0093	904	Air Conditioner #2	0.0220	1.0268
506	Elevator #3,19 fl.,3 e.	0.0214	1.0089	905	Floor Runner	0.0860	1.0338
507	Burner Repair	0.0387	1.0442	906	Dishwasher	0.0466	1.0415
508	Boiler Repair, Tube	0.0463	1.0307	907	Range #1	0.0449	1.0000
509	Boiler Repair,Weld	0.0351	1.0000	908	Range #2	0.2189	0.9835
510	Refrigerator Repair	0.0134	1.0078		REPLACEMENT COSTS	0.0194	1.0167
511	Range Repair	0.0142	1.0210				
512	Roof Repair	0.0557	1.0294				
513	Air Conditioner Repair	0.0093	1.0000				
514	Floor Maint.#1,Studio	0.0003	1.0000				
515	Floor Maint.#2,1 Br.	0.0006	1.0000				
516	Floor Maint.#3,2 Br.	0.0051	1.0000				
	CONTRACTOR SERVICES	0.0815	1.0350		ALL ITEMS	1.0000	1.0088