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Rising costs of operating a rent-stabilized bldg.



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Have you ever wondered how much it costs to operate a rent stabilized, multifamily apartment building in New York City?

There are various methods and tools put into operation to calculate, project and predict these costs. The resulting figures are based on several methods and several sources. The most commonly used are included in this report.

Local Law 63 was passed in 1986 and it requires owners to file annual income and expense reports with the Department of Finance. It is called a Real Property Income and Expense report, (RPIE). There is also a tracking method known as the Price Index of Operating Costs (PIOC) which measures the price change in the cost of operating and maintaining rent-stabilized apartment buildings in the five boroughs. Both are used by the Rent Stabilization Guidelines Board to calculate rent adjustments for rent-stabilized tenants having one and two year leases.

The components of the PIOC and their cost information are as follows:

- * Real estate taxes
- * Labor expenses
- * Fuel
- * Utilities
- * Contractor services
- * Administration
- * Insurance
- * Supplies

* Replacement costs

Based on this information, the average cost of operating a rent stabilized apartment building in New York City in 2007 was \$953 per month or \$11,436 per year.

The average rent collected by owners of rent stabilized properties in 2007 was \$920 per month.

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