

Table IV.

Commensurate Rent Increase (as reported to RGB)

Year	PIOC Change	Traditional		Net Revenue w/ Vacancy		Net Revenue w/o Vacancy		CPI-Adjusted w/ Vacancy		CPI-Adjusted w/o Vacancy		Rent Guidelines	
		1-YR	2-YR	1-YR	2-YR	1-YR	2-YR	1-YR	2-YR	1-YR	2-YR	1-YR	2-YR
1994	2.0%	1.4%	2.6%	1.0%	1.75%	1.75%	2.5%	2.0%	3.0%	2.5%	4.0%	2.0%	4.00%
1995	0.1%	0.0%	1.1%	—	—	—	—	—	—	—	—	2.0%	4.00%
1996	6.0%	4.0%	5.0%	3.0%	4.0%	5.0%	7.0%	4.5%	6.0%	7.0%	8.0%	5.0%	7.00%
1997	2.4%	1.6%	2.2%	—	—	1.5%	3.0%	—	—	2.5%	4.5%	2.0%	4.00%
1998	0.1%	0.0%	1.1%	—	—	0.0%	0.0%	—	—	0.5%	1.5%	2.0%	4.00%
1999	0.03%	0.0%	1.8%	—	—	0.0%	0.0%	—	—	0.0%	1.5%	2.0%	4.00%
2000	7.8%	4.8%	6.0%	4.0%	7.5%	6.5%	9.5%	6.0%	10.0%	8.5%	12.0%	4.0%	6.00%
2001	8.7%	5.2%	5.9%	4.5%	8.0%	6.5%	11.0%	6.5%	10.5%	9.0%	13.0%	4.0%	6.00%
2002	-1.6%	0.0%	0.0%	-5%	-3.5%	-2.3%	-1.0%	-3.5%	-1.8%	0.0%	0.0%	2.0%	4.00%
2003	16.9%	10.4%	12.6%	12%	16%	15%	20%	13.5%	18%	16%	23%	4.5%	7.50%
2004	6.9%	4.3%	5.5%	2.5%	4.5%	5.5%	9.0%	4.0%	7.0%	7.0%	11.5%	3.5%*	6.5%*
2005	5.8%	3.6%	5.9%	2.5%	4.5%	4.25%	8.0%	4.0%	7.0%	6.5%	10.5%	2.75%*	5.5%**
2006	7.8%	5.3%	7.5%	5.0%	9.5%	6.5%	11.0%	6.5%	12.0%	8.0%	13.5%	4.25%*	7.25%
2007	5.1%	3.6%	6.8%	3.25%	5.75%	4.5%	7.5%	4.5%	8.0%	5.75%	9.75%	3.0%	5.75%
2008	7.8%	5.4%	8.1%	4.75%	9.5%	6.25%	11.5%	6.0%	11.25%	7.5%	13.25%	4.5%•	8.5%•
2009	4.0%	2.7%	3.5%	1.75%	2.5%	3.5%	5.5%	3.25%	5.0%	5.0%	8.0%	3.0%•	6.0%•
2010	3.4%	2.4%	4.8%	1.25%	2.25%	2.75%	5.5%	1.5%	2.5%	3.0%	5.75%	2.25%	4.5%
2011	6.1%	4.2%	6.9%	3.25%	6.5%	4.75%	9.5%	4.0%	7.5%	6.0%	10.0%	3.75%	7.25%
2012	2.8%	1.9%	4.3%	1.25%	2.0%	2.25%	4.0%	2.5%	4.0%	3.75%	6.0%	2.0%•	4.0%•
2013	5.9%	4.0%	4.9%	3.25%	6.25%	5.0%	9.0%	4.25%	7.25%	6.25%	9.75%	4.0%	7.75%
2014	5.7%	3.8%	4.4%	3.0%	5.75%	4.75%	8.5%	3.75%	6.75%	5.5%	9.5%	1.0%	2.75%
2015	0.5%	0.3%	1.7%	-2.0%	-1.0%	0.0%	1.5%	-1.5%	-0.5%	0.75%	2.0%	0.0%	2.0%

Source: Price Index of Operating Costs reports 1989-2015; RGB Orders #26-47. *Guidelines are 0.5% lower for tenants that pay for their own heat. **Guideline is 1% lower for tenants who pay their own heat. •Minimum” guidelines for these years were also passed by the RGB. See the specific orders for more details.

The practice of “smoothing” out year-to-year adjustments to obtain a steady pattern of increases, although not without its critics, has been a consistent feature in past RGB orders. This may, in part, be due to the fact that approximately one third of tenants do not experience renewals in any given year. Those tenants in the second year of a two-year lease, signed under a prior guideline, may either miss, or be consistently hit by periodic jumps in the guidelines. Consequently, the Board has leaned against mechanical application of the commensurate rent formula.

Historically, the Board has managed to maintain a very stable relationship between building incomes and expenses. Indeed, the best evidence available to the Board’s staff suggests that pre-war buildings, which include more than two out of three stabilized units, have witnessed a substantial increase in relative net operating income since 1970. This resulted from a decline in the proportion of each rent dollar