**1 Rent-Stabilized Rider**

*A Rent-stabilized rider should appear on the initial lease and all subsequent lease renewals. This rider outlines the tenant’s rights and how the new rent has been calculated.*

**Rent-Stabilized Rider**

The rent-stabilized rider should include:

* The name of the tenant as well as the address of the unit
* The signature of the tenant and landlord (or someone working for the landlord)
* A list of the tenant’s rights under the Rent Stabilization law including their right to request supporting documentation for IAIs.

Only included on the rider of the initial lease:

* Information on the prior rent and a summary of how the rent was calculated, including individual apartment improvements (IAIs)

For more information on the Rent-Stabilized Rider, see **Fact Sheet #2**.

**Initial Lease.** For all rent-stabilized units when tenants receive either an **initial** **lease** or any **lease renewals,** the landlord must include a "New York City Lease Rider for Rent-stabilized Tenants". This rider (which simply means attachment) specifies the prior rent, the reason for a rent increase, and outlines the rights of the tenant. Although landlords can receive fines or sanctions if they don’t include the rider, it is very common. Tenants should ask if the unit is rent-stabilized before they sign the initial lease, as well as ask for a rent history.Here is a link to a copy of what the **"New York City Lease Rider for Rent-stabilized Tenants"** should look like.

**Lease Renewals.** Those who live in a rent-stabilized apartment are guaranteed to receive a lease renewal option of either 1 or 2 years. The tenant should receive the renewal lease 150 to 90 days before your current lease expires, and then has 60 days to return the **signed lease renewal**.

It is up to the tenant to decide whether to sign a 1-or 2-year lease ***or*** to tell their landlord that they will not be renewing the lease.

**How to Access a Unit’s Rent History.** The following link has some i**nformation on obtaining the rent history** for your unit. The easiest way is to **fill out this form**. The New York State Homes and Community Renewal (DHCR) will send a copy of the unit’s rent history directly to the unit.

Tenants can also call the Division of Housing and Community Renewal (DHCR) at this number 718-739-6400, or **visit them online here**. The DHCR is the organization charged with overseeing rent regulation in the city.

**Links to include**

**Fact Sheet #2**

<http://www.nyshcr.org/Rent/FactSheets/orafac2.pdf>

**"New York City Lease Rider for Rent-stabilized Tenants"**

[http://www.nyscr.org/forms/rent/ralr1.pdf](http://www.nyshcr.org/forms/rent/ralr1.pdf)

**Signed Lease Renewal**

<http://www.nyshcr.org/Forms/Rent/rtp8.pdf>

**information on obtaining a rent history**

<http://www.nyshcr.org/rent/tenantresources.htm>

**fill out this form**

<https://portal.hcr.ny.gov/app/ask>

**visit them online here**

<http://www.nyshcr.org/AboutUs/ContactUs.htm>

**2 Sections to Complete**

*Section 1 specifies which sections of the lease need to filled out. Section 1 is only filled out the first time that the tenant moves into the unit.*

**Vacancy vs Renewal Leases**

There are two types of leases for rent-stabilized tenants: vacancy and renewal leases. A **vacancy** **lease** is offered to new tenants in a unit—when one tenant moves in because the last tenant moved out, whereas a **renewal** **lease** is offered to a tenant already living in the unit because they have decided to extend their lease. The main difference between these two leases is that landlords are entitled to raise the rent up to 20 percent ***in*** ***addition*** to the rent increases approved by the Rent Guidelines Board.

For more information on vacancy leases, see **Fact Sheet 5**.

**Things to Remember:**

* Landlords cannot collect more than one vacancy lease in a calendar year (January 1 thru December 31. That means that if they have more than one first time tenant in one of their units, they can only increase the rent once for a vacancy lease.
* Landlords charging a preferential rent—a rent lower than the legal allowable rent—are only entitled to up 20 percent, but in a step process: 5% if the last vacancy lease commenced less than two years ago, 10% if less than three years ago, 15% if less than four years ago and 20% if four or more years ago.

**Example**

Mr. Solano and Ms. Barsotti both live in New York City, in rent-stabilized apartments. Mr. Solano has been living in the same unit for the last 3 years when his lease expired in May, while Ms. Barsotti is moving in her first apartment. Mr. Solano will be offered a lease renewal, whereas Ms. Barsotti will be offered a vacancy lease.

**Sections**

If the lease is a vacancy lease, then Section 1 must be filled out. If the lease is a lease renewal, Section 1 can be skipped.

**Links to Include**

**Fact Sheet #5**

<http://www.nyshcr.org/Rent/FactSheets/orafac5.pdf>

**3 Prior Unit Status**

*Here, the landlord must clarify the status of the unit prior to offering the* ***vacancy lease*** *to the current tenant.*

In this rider, the landlord must indicate the status of the unit prior to when the current tenant moved in. Box A is on page 1 and Boxes B, C, and D are all on page 3.

* **Box A**: If the unit was rent-stabilized when the last tenant moved out.
* **Box B:** If the unit was rent-controlled when the last tenant moved out.
* **Box C:** If the unit is subject to some other government program that specifies the rent.
* **Box D:** If the unit has been renovated or altered in some way as to affect the rent that can be charged.

**Box A**

This box will be marked if the unit was rent-stabilized when the last tenant moved out. If this box is marked, the landlord should fill out the relevant information detailing how the rent has been calculated.

**Additional Adjustments to Know About:**

If the rent-stabilized unit has been vacant for a prolonged period (generally more than 4 years ago) or the size of the unit was altered, then landlord may be entitled to additional charges beyond the standard, yearly Rent Guideline Board approved increases. See **page 2 of** **Fact Sheet #5** for more information on this.

If the owner did not collect a permanent vacancy increase within eight years of a new vacancy lease then, then the owner is entitled to collect an increase in addition to the standard, yearly increase approved by the Rent Guidelines Board. This additional increase is calculated by multiplying 0.6 times the number of years since the last vacancy increase.

**Example**

Mr. Hendrix paid a vacancy increase upon moving in, lived in the unit for 10 years and most recently paid a legal rent of $800 per month. Ms. King moves into the unit and signs a two- year lease. Then landlord is allowed to collect what’s called a vacancy rent—the first rent collected from a new tenant after a vacancy—from Ms. King of $1,008 per month, calculated as follows:

$800 (previous legal regulated rent) + $160 ($800 x 20%) + $48 ($800 x .6% x 10 years) = $1008

* The $800 was the legal previous rent.
* The landlord was allowed to collect a vacancy increase of up to 20 percent because it was a 2-year lease the new tenant was entering into, which is why the landlord could add $160 ($800 x 20%).
* And finally, the landlord was allowed to collect $48 more dollars because it has been 10 years since the landlord had collected a vacancy rent ($800 x .6% x 10 years).

See **Fact Sheet #26** for more details on additional rent increases and how they are calculated.

**Box B**

If the unit was formerly rent-controlled, the unit now becomes rent-stabilized. However, the initial rent determined for that unit is initially a “fair market rent” for that neighborhood, to which the landlord and the tenant agree. After that rent has been raised to a “fair market rent,” the landlord can then only increase the rent in accordance with rent-regulation laws (i.e., IAI, MCIs, and Rent Guideline Board Increases). If the tenant feels that the rent being charged is not a “fair market rent,” they may appeal to the Division of Housing and Community Renewal (DHCR). Tenants using the “Fair Market Appeal Form,” or contact the DHCR’s Office of Rent Administration at (718) 739-6400.

**One important note**: If a unit was previously rent-controlled and the rent charged to the next tenant is at or above the Deregulation Rent Threshold, the unit can be deregulated. So, a unit can move from being rent-controlled to completely deregulated. Here again, the tenant moving in could challenge the deregulation by filing a **“Fair Market Appeal”** with the DHCR.

For more information on “Fair Market Appeals,” see **Fact Sheet #6**.

**Box C**

This box will be marked if the unit is covered by a specific government program that alters the amount of rent that will be collected or that the renter will pay. Some examples might include, Section-8, Mitchell-Lama, and other types of affordable housing. See the **Rent Guidelines Board’s** **website** for a more detailed explanation of the various types of housing. Make sure that the program and the amount are both specified correctly.

**Box D**

Generally, this box will be marked if the rent has been altered for some other reason. One example of this might be after renovation when the unit’s size has been dramatically altered; in some cases, the landlord might be able to negotiate a free-market rent, which is a rent for a unit that is agreed upon by the tenant and the landlord and for which the increases are not controlled by the Rent Guidelines Board. See the **Rent Guidelines Board’s website** for a more detailed explanation of Private Market (Unregulated).

**Links to Include**

**Vacancy Lease Definition**

[*https://www1.nyc.gov/site/rentguidelinesboard/rent-guidelines/vacancy-leases.page*](https://www1.nyc.gov/site/rentguidelinesboard/rent-guidelines/vacancy-leases.page)

**Fact Sheet #5**

<http://www.nyshcr.org/Rent/FactSheets/orafac5.pdf>

**Fact Sheet #26**

<http://www.nyshcr.org/Rent/FactSheets/orafac26.pdf>

**Fair Market Appeal Form**

<http://www.nyshcr.org/Forms/Rent/ra89FMRA.pdf>

**Fact Sheet #6**

<http://www.nyshcr.org/Rent/FactSheets/orafac6.pdf>

**Rent Guidelines Board’s website**

<http://www1.nyc.gov/site/rentguidelinesboard/resources/housing-types.page>

**Rent Guidelines Board’s website**

<http://www1.nyc.gov/site/rentguidelinesboard/resources/housing-types.page>

**4 Address of Rent-Stabilized Unit**

*The full address of the rent-stabilized unit for which the new lease is being offered should be on this line, including the apartment unit.*

The landlord should specify the full address of the rent-stabilized unit for which the new lease is being offered should be on this line, including the apartment unit. Make sure that this is correct before signing.

**5 Additional Rent Guideline Increases**

*The full address of the rent-stabilized unit for which the new lease is being offered should be on this line, including the apartment unit.*

Typically, the prior, established legal rents is taken into consideration when calculating the vacancy rent increases on a vacant unit. However, there are some situations in which landlords may be entitled to additional increases beyond the vacancy increase. These include:

1. **Long Tenancy** 
   * If the last time the unit was vacant was more than 4 years prior to the signing of the new lease, the landlord is entitled to collect additional increases in the rent beyond the vacancy increase for every year beyond the base four years. That means if the prior tenant was there for 10 years, the landlord will collect the standard vacancy increase for that year, as well as an additional increase for the additional 6 years the unit was occupied by the same person. Therefore, calculating the new legal rent depends on the years it was continuously occupied by the same tenant beyond the base 4 years, any improvements made to the unit, and the most recent vacancy rate.
2. **Temporarily Exempt**
   * If the unit was temporarily exempt for at least 4 years prior to the signing of the new lease, the landlord is entitled to additional increases. An example of a temporarily exempt apartment is an apartment that is used by the super. Therefore, calculating the new legal rent depends on the years the unit was exempt, any improvements made to the unit, and the most recent vacancy rate.
3. **No Legal Rent History**
   * When a unit has no legal rent history, the initial legal rent for the initial lease can be constructed from averaging the rents of comparable rent-stabilized apartments in the same building. Only units with the same number of bedrooms can be used in the calculations.
4. **New Apartment or Newly Constructed**
   * When the apartment has been recently constructed or is considered to be a new apartment because it’s outer dimensions have been altered (think of converting a two bedroom into a three bedroom by adding one room from another unit), the landlord can negotiate the first legal rent with the tenants that sign the original lease.

For more information on additional rent guidelines, **see Fact Sheet #5, page 2.**

**Links to add**

**see Fact Sheet #5, page 2.**

<http://www.nyshcr.org/Rent/FactSheets/orafac5.pdf>

**6 Statutory Vacancy Increases**

*On these lines, the landlord specifies the specific types of vacancy increases that have been added to the current rent’s calculation.*

A **vacancy increase** is an increase allotted to a landlord when they sign the first lease with a new tenant after the previous tenant moved out. The new tenant is called a **vacancy tenant**, because they have moved into a vacant unit.

According to the **Rent Regulation Reform Act of 1997**, the incoming tenant signs a 2-year lease, the landlord is allowed to increase the prior legal rent, 20 percent. If they sign a 1-year lease, that percentage increase is calculated by determining the difference in increases for one and two year leases and then subtracting that difference 20%.

**Example**

In **2016** a 2-year increase was 2.0% and 1-year increase was 0.0%. To calculate what a vacancy increase for a 1-year lease, you find the difference between the 2-year increase and the 1-year increase and subtract that from 20%. So, for 2016, the difference between a 1-year vacancy increase and a 2-year vacancy increase is 2-year (2.00%) - 1-year (0.00%) = 2.00%.

For example, Mr. Pan has signed a 1-year vacancy lease with his landlord in 2016. The prior rent was $800. The landlord can increase rent by 18 percent ($800 x $144 = $944).

20%- 2% (difference of 1- and 2-year lease) = 18 % (1-Year Vacancy Lease Increase)

On **page 2 of Fact Sheet #26,** you can find the allowable increases for vacancy leases from 2013 to 2018. You can also call New York State Homes and Community Renewal at 718-739-6400 to get the most recent rates by following the menus.

There are some situations, however, that limit the increases that landlords can charge:

1. Limits to vacancy increases due to preferential rents
2. Additional allowable increases if the landlord hasn’t collected a permanent vacancy increase within eight years.
3. Additional Increases due to low rents, with some conditions

**Links to include**

**Rent Regulation Reform Act of 1997**

<https://www1.nyc.gov/site/rentguidelinesboard/resources/rrra-1997.page>

**2016**

<http://www1.nyc.gov/assets/rentguidelinesboard/pdf/guidelines/aptorders2018.pdf>

**page 2 of Fact Sheet #26**

<http://www.nyshcr.org/Rent/FactSheets/orafac26.pdf>

**6 (i) Limits to Vacancy Increase due to Preferential Rent**

*If the unit had a preferential rent, there are limits on how much the landlord can collect for vacancy increases.*

1. The Rent Act of 2015 limits the amount of the vacancy increase that can be collected by the landlord if the previous tenant was paying a preferential rent. A **preferential** **rent** is a rent charged to the tenant that is lower than their legal allowable rent.

The rent increases offered on the lease to a new tenant are limited to 5% if the previous vacancy lease commenced less than two years ago, 10% if less than three years ago, 15% if less than four years ago and 20% if four or more years ago. So, for example, if a tenant moves into a unit in 2016 and pays a preferential lease and then moves out in 2017, the landlord can only raise the rent on the legal rent 5% instead of the normal rate.

|  |  |
| --- | --- |
| **Last Vacancy Lease Commenced:** | **Allowable Vacancy Increase:** |
| Less than 2 years ago | 5% |
| Less than 3 years ago | 10% |
| Less than 4 years ago | 15% |
| 4 or more years ago | 20% |

While preferential rents are supposed to be disclosed on the original lease and all subsequent lease renewals, they are often not. The best way to find out if you have a preferential rent is to ask your landlord or **get a copy of the unit’s rent history**.

**Links to include**

**Preferential rent**

<http://www.nyshcr.org/Rent/FactSheets/orafac40.pdf>

**get a copy of the Unit’s Rent History**

<https://portal.hcr.ny.gov/app/ask>

**6 (ii) Limits to Vacancy Increase due to Long Vacancy**

*If the unit has been occupied for more 8 years, and in that time the landlord was not able to get a vacancy increase, then the landlord is entitled to collect an additional increase.*

Landlords are allowed to collect an additional increase on new leases if the units were occupied for more than 8 years. If this is the case, the landlord can multiply the previous legal rent by 0.6 percent and by the number of years.

**Example**

Mr. Hendrix paid a vacancy increase upon moving in, lived in the unit for 10 years and most recently paid a legal rent of $800 per month. Ms. King moves into the unit and signs a two- year lease. Then landlord is allowed to collect what’s called a vacancy rent—the first rent collected from a new tenant after a vacancy—from Ms. King of $1,008 per month, calculated as follows:

$800 (previous legal regulated rent) + $160 ($800 x 20%) + $48.00 ($800 x .6% x 10 years) = $1008

* The $800 was the legal previous rent.
* The landlord was allowed to collect a vacancy increase of up to 20 percent because it was a 2-year lease the new tenant was entering into, which is why the landlord could add $160 ($800 x 20%).
* And finally, the landlord was allowed to collect $48.00 more dollars because it has been 10 years since the landlord had collected a vacancy rent ($800 x .6% x 10 years).

See **Fact Sheet #26** for more details on additional rent increases and how they are calculated.

**Links to include**

**Fact Sheet #26**

<http://www.nyshcr.org/Rent/FactSheets/orafac26.pdf>

**6 (iii) Additional Increase Due to Low Rent**

*If the unit previously had a low rent, then the landlord is entitled to collect an additional increase.*

If certain cases, where the rent is very low (usually between $300 and $500) the landlord is entitled to collect an addition increase in rent beyond allowable legal rental increases or vacancy increases. For more information, see **page 3 of** **Fact Sheet #26**.

Only (a) or (b) needs to be completed depending on the prior legal rent. Line (a) should be completed if the prior rent was below $300, and line or (b) if between $300 and $500

**Links to Include**

**Fact Sheet #26**

<http://www.nyshcr.org/Rent/FactSheets/orafac26.pdf>

**6 (iiia) Additional Increase Due to Low Rent**

*If the unit previously had a low rent, then the landlord is entitled to collect an additional increase.*

On this line, the landlord can indicate that they will collect an additional $100 increase if the unit’s rent is below $300 per month.

**6 (iiib) Additional Increase Due to Low Rent**

*If the unit previously had a low rent, then the landlord is entitled to collect an additional increase.*

On this line, the landlord can indicate that they will collect an additional increase if the unit’s rent is between $300 and $500 per month.

**On line (2):** The landlord enters the sum of (i) the allowable vacancy increase and (ii) the allowable increase due to a tenant vacating who lived in the apartment for more than eight years.

**On line (3):** The landlord subtracts line (2) from 100. This number is entered in the “Amount from line (3) to the right.

**7 Vacancy Allowance**

*This line specifies the increase in rent that is allowed as a result of prior tenant leaving the unit.*

A **vacancy allowance** is an increase in rent that a landlord is allowed to take as a result of prior tenant leaving the unit. According to the **Rent Regulation Reform Act of 1997**, the incoming tenant signs a 2-year lease, the landlord is allowed to increase the prior legal rent, 20 percent. If they sign a 1-year lease, that percentage increase is calculated by taking the percentage difference between the two years and subtracting that from 20.

**Example**

In **2016** a 2-year increase was 2.0% and 1-year increase was 0.0%. To calculate what a vacancy increase for a 1-year lease, you find the difference between the 2-year increase and the 1-year increase and subtract that from 20%. So, for 2016, the difference between a 1-year vacancy increase and a 2-year vacancy increase is 2-year (2.00%) - 1-year (0.00%) = 2.00%.

For example, Mr. Pan has signed a 1-year vacancy lease with his landlord in 2016. The prior rent was $800. The landlord can increase rent by 18 percent ($800 x $144 = $944).

20%- 2% (difference of 1- and 2-year lease) = 18 % (1-Year Vacancy Lease Increase)

With the **Rent Act of 2015**, if a prior tenant was paying a preferential rent, the vacancy lease rent increase that a landlord can collect will be limited.

|  |  |
| --- | --- |
| **Last Vacancy Lease Commenced:** | **Allowable Vacancy Increase:** |
| Less than 2 years ago | 5% |
| Less than 3 years ago | 10% |
| Less than 4 years ago | 15% |
| 4 or more years ago | 20% |

**Links to Include**

**Rent Regulation Reform Act of 1997**

<https://www1.nyc.gov/site/rentguidelinesboard/resources/rrra-1997.page>

**2016**

<http://www1.nyc.gov/assets/rentguidelinesboard/pdf/guidelines/aptorders2018.pdf>

**Rent Act of 2015**

<https://www1.nyc.gov/site/rentguidelinesboard/resources/rent-act-of-2015.page>

**8 Supplementary Adjustments**

*This line specifies if any supplementary adjustments are to be added to the monthly rent.*

On occasion, the Rent Guidelines Board has approved supplementary adjustments. These are allowable adjustments that can be made to month rents under specific conditions.

**Example**

**In 1988,** the Rent Guidelines Board allowed supplementary adjustments of up to $5 a month for units that were renting for less than $325 a month for leases after September 30, 1988.

**Links to Include**

**In 1988**

<http://tenant.net/Rent_Laws/RGBorders/apartment-html/rgb20.html>

**9 Individual Apartment Improvement Requests for Verification**

*Item 5 deals with Individual Apartment Improvements (IAIs). In this box, the tenant is to indicate whether or not they wish to request documentation of individual apartment improvements.*

Individual Apartment Improvements (IAIs) are significant improvements that are made to a rent-regulated unit. These improvements allow for the landlord to collect addition rents. IAIs are not standard repairs but improvements made to the unit. They can include

1. an increase in the unit’s size, for example, adding a new room or a balcony;
2. new services provided by the landlord, like if the landlord installs a central air conditioner;
3. substantial improvements that were made to the unit, like new flooring or new windows; or
4. new furniture or furnishings, like a new refrigerator or kitchen cabinets.

**Common Examples of an IAI.** Some common examples of an IAI include new kitchen appliances, kitchen cabinets, bathroom fixtures, new closets, new washing machines, and new flooring. IAIs ***are not*** granted for routine maintenance like painting, skim-coating, scraping, or plastering. See **page 4 of this Operational Bulletin** for more examples.

**Things to Remember**

If the IAI is made while there is a tenant occupying the unit, the landlord ***must have*** the written permission of the tenant before they make and improvements. If the unit is not occupied, the landlord does not need any written permission.

Tenants should check this box if they wish two request that their landlord provide them with documentation, such as receipts, invoices, bills or canceled checks, that prove that the IAIs were completed. It is important that tenants request documentation of these improvements because it forces landlords to be held accountable for the improvements they are making. Housing advocates are increasingly finding that landlords will inflate the cost of these improvements or not actually make the improvements at all. This is done in an effort to deregulate the unit by moving the unit’s rent closer to the legal deregulation threshold.

**Timeline**

If the tenant does not request documentation for IAIs at lease signing, they have up to 60 days—about 2 months—from when the lease signed to request those documents. After that, they do not have the legal right to make that request. If they make that request, it should be made by certified mail, and the landlord has 30 days from when that request is made to provide the proper documentation.

For more comprehensive information on IAIs, see **page 4 of this Operational Bulletin** that supersedes Fact Sheet #12.

**Links to Include**

**page 4 of this Operational Bulletin**

<http://www.nyshcr.org/Rent/OperationalBulletins/orao20161.pdf>

**page 4 of this Operational Bulletin**

<http://www.nyshcr.org/Rent/OperationalBulletins/orao20161.pdf>

**10 IAI Items to be Verified**

*Improvements on marked items are the renovations that have been made and which qualify for rent increases as Individual Apartment Improvements.*

**Items A** (Bathroom Renovations), **Item B** (Kitchen Renovations), and **Item C** (Other) are the three categories of the different types of renovations that qualify for Individual Apartment Improvements (IAIs) and for which rent increases can be collected. The marked boxes in the three different sections indicate which renovations have been made.

**What are IAIs?**

Individual Apartment Improvements (IAIs) are significant improvements that are made to a rent-regulated unit. These improvements allow for the landlord to collect addition rents. IAIs are not standard repairs but improvements made to the unit. They can include

1. an increase in the unit’s size, for example, adding a new room or a balcony;
2. new services provided by the landlord, like if the landlord installs a central air conditioner;
3. substantial improvements that were made to the unit, like new flooring or new windows; or
4. new furniture or furnishings, like a new refrigerator or kitchen cabinets.

**Common Examples of an IAI.** Some common examples of an IAI include new kitchen appliances, kitchen cabinets, bathroom fixtures, new closets, new washing machines, and new flooring. IAIs ***are not*** granted for routine maintenance like painting, skim-coating, scraping, or plastering. See **page 4 of this Operational Bulletin** for more examples.

**Links to Include**

**page 4 of this Operational Bulletin**

<http://www.nyshcr.org/Rent/OperationalBulletins/orao20161.pdf>

**11 Total Costs and Total Rent Increase**

*On these two lines, the landlord specifies the total labor costs and calculates the total allowable rent increases as a result of the Individual Apartment Improvements (IAIs).*

On the first line, the landlord reports the total costs of the parts and the labor for the indicated individual apartment improvements. The landlord then calculates the total allowable rent increase resulting from those IAIs. More information on **IAIs can be found online**.

**Calculating the rent increases from IAIs.** Landlords of buildings that have buildings with more than 35 units may chargetenants 1/60th of the cost of the improvement, while landlords of buildings with 35 units or less may only charge 1/40th of the cost of the improvement.

**Example**

Landlords of buildings that have more than 35 units may chargetenants 1/60th of the cost of the improvement, while landlords of buildings with 35 units or less may only charge 1/40th of the cost of the improvement. IAIs are permanent increases to the rent.

For example, in a building that has more than 35 units, and a new dishwasher was installed for $900. The resulting IAI that the landlord could claim would be $15 (1/60th of $900). If the legal rent is $1,500 and the legal allowable rent increase for that year is 3%, the resulting rent would be $1,500 + $45 (3% of $1,500) + $15 (IAI) = $1,560

See Item 4 on page 6 of **Fact Sheet #26.**

**Links to Include**

**IAIs can be found online**

<http://www.nyshcr.org/Rent/OperationalBulletins/orao20161.pdf>

**Fact Sheet #26**

http://www.nyshcr.org/Rent/FactSheets/orafac26.pdf

**12 Total Individual Apartment Improvement Increase**

*This line indicates the total Individual Apartment Improvements (IAIs (from Line A, Line B, and Line C.*

On this line, the landlord sums all the total of all the IAIs from **Line A** (Bathroom Renovations), **Line B** (Kitchen Renovations), and **Line C** (Other) on page two.

**13 New Legal Regulate Rent**

*Item 6 and 6a indicate the new legal regulated rent that will be charged to the tenant.*

Item 6 is the new legal rent that will be charged to the tenant. It is calculated by summing all the totals from Items 1-5. If a *preferential* *rent* is to be charged instead, this is indicated on the line for Item 6a, instead.

A **"preferential rent,"** also called a “pref rent,” is when the landlord charges a rent that is less than the established legal allowable rent. Landlords are free to charge lower rents if they want; however, both the legal rent and the lower preferential rent **HAVE** to be disclosed **on the original lease and any subsequent lease renewals**.

Although landlords are obligated to register the "legal regulated rent" with the New York State Division of Housing and Community Renewal (DHCR), they do not always report the accurate rent, renters do not always know what the actual rent is, and both the legal and the preferential rent are not always made clear on the original lease and all subsequent renewals.

Some reasons that a landlord might charge a preferential rent:

1. so they could qualify for a specific program that has a mandatory rent cap
2. because your landlord did not think they could find someone willing to pay the legal maximum rent.

There might be other reasons as well. Many housing advocates and tenant organizers are finding that preferential rents are being used to either cover fraudulent "legal" rents or as a strategy to force out tenants to bring in new ones that can pay higher rents. Here’s a **good article** on how preferential rents are used against tenants.

**Fraudulent Rents**. If a unit is rent-regulated, landlords are required by the rent regulation law to register them with the DHCR. Each year, they have to update the legal rent that they charge their tenants. However, since DHCR does not verify each individual rent registration, only investigates tenant requested inquiries into fraudulent legal rents, and there is a four-year statute of limitations on auditing alleged fraudulent rents, it is easy and very common for landlords to registered rents that are significantly higher than what they legally should be. In doing this, they can more quickly reach the rent deregulation threshold which would remove the building or units from rent regulation. The combination of a lack of oversight, little knowledge about rent histories, and the statute of limitations on examining these cases enables landlords to systematically deregulate buildings and shirk the rent-regulated housing stock under the façade of legality.

**Raising Rents.** The other common reason that preferential rents are used is to be able to dramatically raise rents when a tenant renews their contract in the hopes that they will decide to move out and will be replaced by someone who can pay a higher rent according to the legal “allowable” rent that they have been registering with the DHCR. It is not uncommon for the difference in preferential versus legal rents to be as much as double, or more.

**Example**

Imagine if you usually pay a preferential rent of $1,200, but the your legal allowable (or what has been registered with DHCR) is $2,700. That’s a $1,500 increase in rent each month that most people cannot pay, especially if it is raised suddenly when the lease is due for renewal.

When this occurs, it is important to request what is called a rent history. You can request that the DHCR send you the rent history for your unit, which shows both the legal and preferential rents that the landlord has been claiming every year. Knowing your rent history is an important step in being able to challenge fraudulent legal rents and to protect yourself against big rent hikes.

**Disclosure of a Preferential Rent**. It is important to know if the lease states whether or not there is a preferential rent, that is, that a rent that is lower than the legal allowable rent. While landlords are obligated to report, they do not always do so. However, whether or not the landlord discloses the preferential rent is very important, because it affects when they can charge the legal regulated rent.

* If the legal rent **was not** disclosed on the original lease agreement ***and*** any subsequent renewals, then the rent you are currently paying is the only rent the landlord can charge you.
* If the landlord **disclosed** both the legal rent and a preferential rent, the landlord can raise the rent to the legal regulated rent at the end of a lease term.
* However, if there was a preferential rider attached to the agreement that says the preferential rent is for the duration of the time the same tenant lives in the unit, the landlord can only raise the rent back to the legal regulated rent when the tenant leaves the unit. See **Item 20 on the New York City Lease Rider for Rent-stabilized Tenants** or **Fact Sheet #40** for more information about preferential rents.

Preferential rents are disclosed on **Item 5 on the Renewal Lease Form** and general on **Item 3 of the Standard Form of Apartment Lease**.

If you challenge the legal rent history that a landlord claims and the rent immediately preceding the year before was preferential, DHCR will investigate that rent even if it is beyond the four-year statute of limitations. However, often times landlords can back edit rent history logs to reflect proper disclosure of legal rents. So be strategic in how you handle this matter.

**Preferential Rents and Vacancy Increases**. Preferential rents also affect how much a much a landlord can charge on a vacancy rent increase. According to the Rent Act of 2015, if a vacating tenant was paying a preferential rent, the rent increases offered on the lease to a new tenant are limited to 5% if the previous vacancy lease commenced less than two years ago, 10% if less than three years ago, 15% if less than four years ago and 20% if four or more years ago. So, for example, if a tenant moves into a unit in 2016 and pays a preferential lease and then moves out in 2017, the landlord can only raise the rent on the legal rent 5% instead of the normal rate.

**Fact Sheet #40** and the **Met Council** both have more information on preferential rents.

**Links to Include**

**good article**

<https://ny.curbed.com/2017/4/25/15425058/nyc-rent-stabilization-loophole-landlords>

**Item 20 on the New York City Lease Rider for Rent-stabilized Tenants**

<http://www.nyshcr.org/Forms/Rent/Ralr1.pdf>

**Fact Sheet #40**

<http://www.nyshcr.org/Rent/FactSheets/orafac40.pdf>

**Item 5 on the Renewal Lease Form**

<http://www.nyshcr.org/Forms/Rent/rtp8.pdf>

**Item 3 of the Standard Form of Apartment Lease**

<https://docdrop.org/static/drop-pdf/Standard-Lease_Apartment-89NLx.pdf>

**Fact Sheet #40: Preferential Rents**

<http://www.nyshcr.org/Rent/FactSheets/orafac40.pdf>

**Met Council**

<http://metcouncilonhousing.org/help_and_answers/preferential_rents>

**14 Separate Charges**

*Items 7-10 indicate other charges that can be added to leases, such as charges for air conditioners, appliances, and other ancillary (or additional) services.*

Besides the legal allowable charges, the landlord can include additional charges for air conditioners, appliances, and other supplementary services like a garage.

**Air Conditioners**

In buildings where the landlord *pays* the electric bill, the landlord can charge extra rent for use of each air conditioner in the apartment. This charge is adjusted every year on October 1 according to the Price Index of Operating Costs for Rent-stabilized Apartment Houses in New York City.

In apartments where the landlord *does not pay* the electric bill, for every air conditioner that the tenant buys and installs, the landlord can charge $5 per air conditioner, per month. Once this charge has been collected and the air conditioner installed, the tenant cannot remove the air conditioner without the landlord’s consent. This extra charge can only be collected if the air conditioner protrudes beyond the window line, and is not in a “sleeve.”

If the landlord provides the tenant with new air conditioner and installs it after the tenant has given them written consent to do so, the landlord can charge the tenant an individual apartment improvement. This means that the landlord can permanently increase the legal allowable rent 1/60 of the cost of the air conditioner if the building has more than 35 units or 1/40 if the building has less than 35 units. If the unit is rent-stabilized and the air conditioner was installed on or after October 1, 1985, the $5 charge is not included in the base rent. It is included if the unit is rent-controlled, however.

For more information on air conditioners and collection procedures, **see FACT SHEET #27.**

**Appliances**

Landlords do not have to allow tenants to purchase and install washers, dryers, or dish washers. When a landlord allows a tenant to do so, they may collect a fee. This fee is not included in the legal allowable rent or any calculation of it. See the **Amended Operational Bulletin 2005-1,** for more information on appliances, fees, and how they are calculated.

**Ancillary**

The most common ancillary charge seen in a lease is for a garage (recreational facilities are also common). If these ancillary charges are listed in the initial lease, they need to also be listed in every renewal lease as well. This means that the tenant pays an amount for the apartment and another amount for the garage. It also means that the garage is part of the lease and subject to rent regulation in the same way as the housing it. That means that the landlord must be offer for it to be renewed and any rent adjustments are subject to the Rent Guidelines Board increases. This also means that ancillary services must be part of the lease. **See Fact Sheet #3** about how ancillary services must also be provided along with basic services.

**Links to include**

**See Fact Sheet #3**

<http://www.nyshcr.org/Rent/FactSheets/orafac3.pdf>

**see FACT SHEET #27**

<http://www.nyshcr.org/Rent/FactSheets/orafac27.pdf>

**Amended Operational Bulletin 2005-1**

<http://www.nyshcr.org/Rent/OperationalBulletins/orao20051sup2.pdf>

**15 New Tenant’s Total Monthly Payment**

*Item 11 indicates the final, total monthly payment for the new tenant.*

The final, total monthly payment for the new tenant is indicated here and calculated by adding all line 6 or 6a and lines 7-10 that indicate other surcharges. This is the final amount that the tenant will be charged monthly by the landlord. This should match the rent indicated in either **Item 6 or Part B on the Renewal Lease Form**.

**Links to Include**

**Item 6 or Part B on the Renewal Lease Form**

<http://www.nyshcr.org/Forms/Rent/rtp8.pdf>

**16 After Rent-control**

*Here, the landlord indicates that the unit was rent-controlled when the last tenant moved out.*

**Box B**

If the unit was formerly rent-controlled, the unit now becomes rent-stabilized. However, the initial rent determined for that unit is initially a “fair market rent” for that neighborhood, to which the landlord and the tenant agree. After that rent has been raised to a “fair market rent,” the landlord can then only increase the rent in accordance with rent-regulation laws (i.e., IAI, MCIs, and Rent Guideline Board Increases). If the tenant feels that the rent being charged is not a “fair market rent,” they may appeal to the Division of Housing and Community Renewal (DHCR). Tenants using the “Fair Market Appeal Form,” or contact the DHCR’s Office of Rent Administration at (718) 739-6400.

**One important note**: If a unit was previously rent-controlled and the rent charged to the next tenant is at or above the Deregulation Rent Threshold, the unit can be deregulated. So, a unit can move from being rent-controlled to completely deregulated. Here again, the tenant moving in could challenge the deregulation by filing a **“Fair Market Appeal”** with the DHCR.

For more information on “Fair Market Appeals,” see **Fact Sheet #6**.

**Links to Include**

**Fair Market Appeal Form**

<http://www.nyshcr.org/Forms/Rent/ra89FMRA.pdf>

**Fact Sheet #6**

<http://www.nyshcr.org/Rent/FactSheets/orafac6.pdf>

**17 Government Program Status**

*Here, the landlord indicates that the unit was subject to some other government program when the last tenant moved out.*

**Box C**

This box will be marked if the unit is covered by a specific government program that alters the amount of rent that will be collected or that the renter will pay. Some examples might include, Section-8, Mitchell-Lama, and other types of affordable housing. See the **Rent Guidelines Board’s** **website** for a more detailed explanation of the various types of housing. Make sure that the program and the amount are both specified correctly.

**Links to Include**

**Rent Guidelines Board’s website**

<http://www1.nyc.gov/site/rentguidelinesboard/resources/housing-types.page>

**18 Other Status**

*Here, the landlord indicates that the unit was subject to some other government program when the last tenant moved out.*

**Box D**

Generally, this box will be marked if the rent has been altered for some other reason. One example of this might be after renovation when the unit’s size has been dramatically altered; in some cases, the landlord might be able to negotiate a free-market rent, which is a rent for a unit that is agreed upon by the tenant and the landlord and for which the increases are not controlled by the Rent Guidelines Board. See the **Rent Guidelines Board’s website** for a more detailed explanation of Private Market (Unregulated).

**Links to Include**

**Rent Guidelines Board’s website**

<http://www1.nyc.gov/site/rentguidelinesboard/resources/housing-types.page>

**19 Section 2: Vacancy and Renewal Leases**

*Section 2 is it to be completed for both vacancy and renewal leases.*

**Vacancy Lease versus Renewal Leases**. Leases for rent-stabilized units in New York City can be divided into two main categories: **vacancy leases and renewal leases**. A tenant signs a vacancy lease when moving into a vacant rent-stabilized apartment, while a renewal lease is any and all subsequent leases signed by that same tenant for that same unit.

**Vacancy Allowance versus Rent Adjustments**. With different leases come different increases: a vacancy increase and a rent adjustment.

* A **vacancy allowance** is an increase allotted to a landlord when they sign the first lease with a new tenant after the previous tenant moved out. The new tenant is called a vacancy tenant, because they have moved into a vacant unit.
* A **rent adjustment** are increases that are approved by the **Rent Guidelines Board** (RGB) each year.

**Vacancy Allowance Calculations.** Vacancy allowances are allowed by the rent laws, while rent adjustments are approved by the RGB.

According to the **Rent Regulation Reform Act of 1997**, the incoming tenant signs a 2-year lease, the landlord is allowed to increase the prior legal rent, 20 percent. If they sign a 1-year lease, that percentage increase is calculated by determining the difference in increases for one and two year leases and then subtracting that difference 20%.

**Example**

In **2016** a 2-year increase was 2.0% and 1-year increase was 0.0%. To calculate what a vacancy increase for a 1-year lease, you find the difference between the 2-year increase and the 1-year increase and subtract that from 20%. So, for 2016, the difference between a 1-year vacancy increase and a 2-year vacancy increase is 2-year (2.00%) - 1-year (0.00%) = 2.00%.

For example, Mr. Pan has signed a 1-year vacancy lease with his landlord in 2016. The prior rent was $800. The landlord can increase rent by 18 percent ($800 x $144 = $944).

20%- 2% (difference of 1- and 2-year lease) = 18 % (1-Year Vacancy Lease Increase)

With the **Rent Act of 2015**, if a prior tenant was paying a preferential rent, the vacancy lease rent increase that a landlord can collect will be limited.

|  |  |
| --- | --- |
| **Last Vacancy Lease Commenced:** | **Allowable Vacancy Increase:** |
| Less than 2 years ago | 5% |
| Less than 3 years ago | 10% |
| Less than 4 years ago | 15% |
| 4 or more years ago | 20% |

On **page 2 of Fact Sheet #26,** you can find the allowable increases for vacancy leases from 2013 to 2018. You can also call New York State Homes and Community Renewal at 718-739-6400 to get the most recent rates by following the menus.

**Rent Adjustments Calculations**

The Rent Guidelines Board determines the allowable rent adjustment every year. They meet throughout the year, review the latest research, and hear public testimony before **they make their final decision**. The members of the board are appointed by the mayor for specific terms and represent tenants, landlords, and the public. **A history of allowable rent Increases through 2018 can be found online.**

**Links to include**

**vacancy leases and renewal leases**

**https://www1.nyc.gov/site/rentguidelinesboard/rent-guidelines/vacancy-leases.page**

**Rent Guidelines Board**

<http://www1.nyc.gov/site/rentguidelinesboard/about/about.page>

**Rent Regulation Reform Act of 1997**

<https://www1.nyc.gov/site/rentguidelinesboard/resources/rrra-1997.page>

**2016**

<http://www1.nyc.gov/assets/rentguidelinesboard/pdf/guidelines/aptorders2018.pdf>

**Rent Act of 2015**

<https://www1.nyc.gov/site/rentguidelinesboard/resources/rent-act-of-2015.page>

**page 2 of Fact Sheet #26**

<http://www.nyshcr.org/Rent/FactSheets/orafac26.pdf>

**they make their final decision**

<http://www1.nyc.gov/site/rentguidelinesboard/rent-guidelines/explanation-of-rent-guidelines-process.page>

**A history of allowable rent Increases through 2018 can be found online.**

<http://www1.nyc.gov/assets/rentguidelinesboard/pdf/guidelines/aptorders2018.pdf>

**20 Address for the Rent-Stabilized Unit**

*On these lines, the landlord specifies the address of the rent-stabilized unit.*

The landlord specifies the address of the rent-stabilized unit, including the unit number.

**21 Dates**

*On these lines include the start and end dates for the lease, as well as the date the rider was completed.*

On these lines, the landlord specifies the start and end dates of the lease. These should match the dates in **Item 2 on the original lease** or in **Item 7 on the Renewal Lease Form**. The landlord should also indicate the date that the lease was completed.

**Links to Include**

**Item 2 on the original lease**

<https://docdrop.org/static/drop-pdf/Standard-Lease_Apartment-89NLx.pdf>

**Item 7 on the Renewal Lease Form**

<http://www.nyshcr.org/Forms/Rent/rtp8.pdf>

**22 Tenant's Acknowledgement of Receipt of Lease Rider**

*The tenant must sign to acknowledge receipt of the lease rider.*

The landlord is obligated to provide the tenant this lease rider at the same time that they either sign the vacancy (original) lease or the renewal lease. This is proof of that the lease was received by the tenant.

For more on Lease Riders, see **Fact Sheet #2**.

**Links to Include**

**Fact Sheet #2**

<http://www.nyshcr.org/Rent/FactSheets/orafac2.pdf>

**23 Landlord’s Acknowledgement of Receipt of Lease Rider**

*The landlord must sign to acknowledge provision of the lease rider.*

The landlord is obligated to provide the tenant this lease rider at the same time that they either sign the vacancy (original) lease or the renewal lease. This is proof of that the Lease Rider was provided to the tenant.

For more information on Lease Riders, see **Fact Sheet #2**.

**Links to Include**

**Fact Sheet #2**

<http://www.nyshcr.org/Rent/FactSheets/orafac2.pdf>

**24 Provisions**

*The following provisions provide more clarity on specific issues related to the Lease Rider.*

The remaining pages of the Lease Rider clarify specific rights and responsibilities of both tenants and landlords, as well as clarify some important issues discussed in the Lease Rider. **It is very important that you read and clearly understand the Lease Rider. These provisions will give clarity and address specific issues.**

Tenants are encouraged to keep a copy of the Lease Rider and any lease or lease renewals that they sign.

For more information, see **Fact Sheet #2**.

**Links to Include**

**Fact Sheet #2**

<http://www.nyshcr.org/Rent/FactSheets/orafac2.pdf>

**25 Security Deposits**

*This section discusses what to expect with security deposits.*

It is common for a landlord to require a security deposit, due at lease signing that is equal to one month's rent. If there is an allowable rent increase on a lease renewal, the landlord is entitled to collect additional money from the tenant that equals the increase. The money that will be collected is the difference in what of what has already been collected and what the new rent will be. So, for example, if rent went up from $1,500 to $1,550 a month, the landlord can collect $50 more dollars at the lease renewal signing to cover the new security deposit.

**Security deposits** are treated as a trust funds belonging to the tenants. This means they should be deposited into a bank account that is separate from the landlord's bank account or personal money. The landlord is entitled up to 1 percent of any interest that is earned on the security deposit to cover administrative fees. The rest is owed to the tenant, however, in recent years the interest hasn’t yielded more than 1%.

Example

A security deposit of $1,000 is deposited into a bank that will pay an interest rate of 1.5%. After one year, the security deposit will have generated $15 from interest. The landlord is entitled to keep $10 (1 % of the deposit) as an administrative fee and the remaining $5 goes to the tenant. However, the landlord is entitled to keep the security deposit to pay for reasonable costs of repairs beyond normal wear and tear.

The tenant has the right to receive their share of the interest earned on the security deposit annually, at the end of each lease term, or it can be applied to rent.

If a rent-stabilized building is sold, the landlord must either transfer the security deposits to the new landlord or return the security deposits to the tenant 5 days after the sale. However, the responsibility falls on the purchaser to return the security deposit regardless if the security deposit has been received or returned to the new landlord.

For more information, **see pages 8 and 9 of the Tenants’ Rights Guide.**

**Links to include**

**see pages 8 and 9 of the Tenants’ Rights Guide**

<https://ag.ny.gov/sites/default/files/tenants_rights.pdf>

**26 MAJOR CAPITAL IMPROVEMENTS (MCI)**

*This section discusses MCIs a bit more in depth, especially how they can be used to increase a tenant’s rent.*

A **major capital improvement** (MCI) is a when a landlord makes an improvement to the building that benefits or effects all residents. Repairs do not qualify as MCIs. For example, a new boiler or a new roof are MCIs, but a simply repairing the roof does not count.

All MCI’s need to be approved by the New York State Division of Housing and Community Renewal (DHCR). When they are approved, DHCR will send out a notice of an MCI rent increase. Sometimes the rent increase will start in the middle of lease. The landlord can add the costs of an MCI into rent increases for unit in the apartment. For rent-stabilized units, increases may not exceed 6 percent of the tenant's rent in NYC and 15 percent outside of NYC. Therefore, large increases must be phased in over multiple years.

**Example**

If the landlord has an MCI that warrants an 18 percent increase in rent, those rent increases must be phased in over 3 years—which would mean a 6 percent increase each year. There is no limit on the number of MCIs that a landlord can submit, but tenants have the right to dispute any MCIs that are made by the landlord (see example below).

Approval Process and Tenant Contest

All MCIs are subject to approval by the DHCR. The process gives DHCR time to evaluate the request for the MCI, the responses of tenants, and determine how much rent increase the landlord will be able to collect. The process is as follows:

1. When a landlord submits an MCI application, DHCR notifies the tenants and gives them an opportunity to submit written responses to the application. They are instructed to comment on the proposed MCI and be as specific as possible in their comments. Tenants can request an extension of time to respond to the application, if they need to.
2. The landlord must keep a copy of the application with all supporting documentation on the premises so that tenants may examine it. However, a complete copy of the MCI application with all the supporting documentation will always be available at the DHCR for tenant review upon written request. DHCR will review the application, consider the tenant responses and may request additional documentation if deemed necessary.
3. When processing is complete, DHCR will issue an order either granting a rent increase for the total amount requested, a partial amount, or denying the request. The landlord and the tenants will be notified by DHCR of the amount of the rent increase per room and related terms and conditions in a written order. The rent increase is a **permanent** addition to the rent.

Types of Increases

There are two types of increases associated with MCIs: a permanent prospective increase and a temporary retroactive increase. The **permanent prospective** increase is added to the legal rent and it collected first. So, for example, if the DHCR has approved a $60 increase to my rent for an MCI, then that $60 will permanently be added to my rent—my rent of $800 would permanently increase to $860. However, since the limit on how much my rent can go up due to an MCI is 6 percent ($800 x 6%= $848). The next year, $12 a month will be added to the rent permanently increasing the tenants rent to $860.

**Temporary retroactive payments** are those amounts owed between the effective date and the issue date of the DHCR order granting the MCI. They apply only to rent-stabilized tenants (this does not apply to rent-controlled units) and represents a temporary increase.

**Example**

So if the MCI effective data was in September and the issue data for the rent increases began in December, the temporary retroactive payments cover the months of September, October and November. In the example used above, the tenant owes the landlord an additional $180 (3 months x $60). The landlord is entitled to this money. The way the temporary retroactive payment would be calculated is as follows. 6% of $848 = $50. So the 6% cap leads to an increase of no more than $898. The tenant is already paying $860 because of the $12 added to that as part of the permanent increase. The rent would be increased for four months to $898. The fifth month, the rent would decrease to $888. (Four months of 38 + one month of 28 = $180) The sixth month and thereafter the rent would decrease to $860. **See the examples on page 4 of the FACT SHEET #24.**

Exceptions. Tenants who are receiving a SCRIE (Senior Citizen Rent Increase Exemption) or DRIE (Disability Rent Increase Exemption) do not have to pay any portion of the MCI adjustment that raises their rent over 1/3 of their disposable income. However, they are responsible for paying the increase in the security deposit resulting from the MCI. They need to send a copy of the MCI order to the agency overseeing their program (in NYC the Department of Finance). Their rent exemption certificate will be amended to cover the amount of the MCI increase.

More information about MCIs can be found on **Fact Sheet #24**.

Also, see also **Frequently Asked Questions about MCI’s**.

**Links to include**

**page 4 of the FACT SHEET #24**

[**http://www.nyshcr.org/Rent/FactSheets/orafac24.pdf**](http://www.nyshcr.org/Rent/FactSheets/orafac24.pdf)

**Fact Sheet #24.**

<http://www.nyshcr.org/Rent/FactSheets/orafac24.pdf>

**Frequently Asked Questions about MCI’s.**

<http://www.nyshcr.org/Rent/Faqs/MCI-FAQ-for-tenants.pdf>

**27 Rent Registration**

*This section describes the landlord’s requirements to register the rent of a rent-regulated unit.*

Units that are subject to rent regulation are required to initially be registered with the DHCR and updated every year. Registrations are accepted starting April 1 of the registration year and must be submitted no later than July 31 of the registration year.

The landlord is required to specify the conditions for each unit that is rent-regulated, however, there is little oversight that ensures that landlords are accurately registering their buildings. This is another reason that it is important to obtain the unit’s rent history so that the tenant can have a sense of the “official” reported status of the unit.

As a rent-stabilized tenant, you are entitled to know your rent history. You can access this information in several ways:

(1) fill out the **online contact form** (see below for link)

(2) calling the Rent Info Hotline

(3) visiting your Borough or district office in person

(4) requesting your records via mail

More information about the rent registration process **can be found on DHCR’s website here.**

**Links to Include**

**Online Contact Form**

<https://portal.hcr.ny.gov/app/ask>

**can be found on DHCR’s website here**

<http://www.nyshcr.org/Apps/rentreg/AnnualRentRegInstructions.htm>

**28 Clauses that can be added to Tenant’s Prior Lease**

*This line specifies clauses that can be added to the renewal lease that were not in original lease.*

One of the benefits of being a rent-stabilized tenant is that landlords are obligated to offer a renewal lease whenever the current lease expires under the same conditions as the prior lease. That means that the landlord cannot change the conditions of the lease.

This section outlines the few clauses that landlords can include in renewal leases. These clauses are rights that landlord has always been understood to have.

Part C gives some limited exceptions to this rule. All of the exceptions to the rule in Part C are allowed by law. For example, while the lease must be renewed on the same terms and conditions as the previous lease, by law, the landlord can increase the rent by the rent guidelines board increases. It doesn't matter whether the landlord put a clause in the original lease about increases. The law allows the landlord to annual increases approved by the RGB.

**29 SUCCESSION RIGHTS**

*This section outlines “succession rights,” which are the rights that allow for a rent-stabilized unit to be transferred to another tenant.*

Generally, for rent-regulated units (rent-stabilized, rent-controlled, and Mitchel-Lama), family members living with the primary resident (the tenant that is named on the lease) have a legal right to succeed the primary resident on the lease if that tenant dies or vacates the unit.

A **family member** is defined as a spouse, children or stepchildren, brothers and sisters, parents and step-parents, grandparents and grandchildren, as well as in-laws. Family member status can also be extended to someone who is not one of these named relationships, but whose relationship is comparable to one of the named relationships. Think about a niece who moves into to take care of an aunt and their relationship can be described as parent child. Courts look at whether the successor can prove they provided emotional and financial support to the tenant and establish interdependence (that they and the tenant depend on each other). Some examples of interdependence are:

* being in a long relationship
* sharing of or relying upon each other for housing costs, family expenses, and/or other common necessities of life
* intermingling of finances like having a joint bank account or owning property together, sharing credit cards or loan obligations, or receiving government benefit
* engaging in family-type activities by jointly attending family functions, holidays and celebrations, social and recreational activities

There are some minimum residency requirements, however. The rights of succession will not be granted to the family member if they have not continually lived with the primary resident continually for at least two years (one year in the case of disabled persons or senior citizens). Exceptions are made if the family member's tenure is broken by military service, they are enrolled as a full-time student, or if they are hospitalized, for example.

For more information, see **pages 12 and 13 of the Tenants’ Rights Guide.**

**Links to Include**

**pages 12 and 13 of the Tenants’ Rights Guide**

<https://ag.ny.gov/sites/default/files/tenants_rights.pdf>

**30 Decrease in Services**

*This section specifies how tenants are to deal with a decrease in services.*

According to the Rent Code Amendments of 2014, tenants do not need to notify their landlord before they file an official complaint with DHCR, however, it is still encouraged that tenants notify their landlords first. In some cases, landlords who have not been notified could get more time to address the situation.

**Decrease in Service**

Examples of a decrease in services include the garbage is not being taken out, the elevator does not work, or the tenant is having problems with utilities like the oven, refrigerator, or the toilet.

Individual tenants who wish to file a complaint with DHCR need to fill out an "Application for A Rent Reduction Based Upon Decreased Services - Individual Apartment "(DHCR Form RA-81), **which can be obtained here.** If the services are building-wide, they need to file an "Application for A Rent Reduction Based Upon Decreased Building-Wide Services" (DHCR Form RA-84), **which can be obtained here.**

**Emergency Conditions**

Some service disruptions constitute emergency conditions, which will be treated with priority and processed as quickly as possible. Examples include, but are not limited to:

* vacate order
* fire
* no water apartment wide
* no operable toilet
* collapsed or collapsing ceiling or walls
* collapsing floor
* no heat/hot water apartment wide (violation required)
* broken or inoperative apartment front door lock
* all elevators inoperable
* no electricity apartment wide
* window to fire escape (does not open)
* water leak (cascading water, soaking electrical fixtures)
* window-glass broken (not cracked)
* broken/unusable fire escapes
* air conditioner broken (summer season)

For more information on Rent Reductions for Decreased Services and how the procedure for filing a complaint, see **Fact Sheet #14.**

**Procedures when a Complaint of Decrease in Services is filed**

1. DHCR will screen applications and send the tenant an acknowledgement.
2. The owner will be given a timeline to respond, which will depend on the complaint.
3. The owner’s response will be sent to the tenant if it is relevant and a DHCR inspection may be scheduled.
4. If it is established that the owner failed to maintain required services, DHCR will issue an order to restore those services and reduce rent until those services are restored. The amount of the rent reduction for rent-stabilized tenants rent is generally the most recently charged renewal lease guideline increase, while for rent-controlled tenants the amount will be set by DHCR. Rent will be reduced until those services are restored.

**Links to Include**

**which can be obtained here**

<http://www.nyshcr.org/Forms/Rent/ra81.pdf>

**which can be obtained here**

<http://www.nyshcr.org/Forms/Rent/ra84.pdf>

**Fact Sheet #14**

<http://tenant.net/Rent_Laws/RGBorders/apartment-html/rgb20.html>

http://www.nyshcr.org/Rent/FactSheets/orafac14.pdf

**31 SUBLETTING AND ASSIGNING A LEASE**

*This section describes what subletting entails and describes how a tenant can assign a lease and what rights they have to do so.*

**Subletting**

Subletting refers to when a tenant temporarily leaves the unit and transfers their legal interest in the unit to another, temporarily. **Subletting differs from assigning because it refers to only temporary leave, while assigning is permanent**.

In order to sublet, a tenant is required to do three things.

1. The tenant must send a written request to the landlord by certified mail, return-receipt requested and must contain the following
   * the length of the sublease
   * the name, home and business address of the proposed subtenant;
   * the reason for subletting
   * the tenant’s address during the sublet
   * the written consent of any co-tenant or guarantor
   * a copy of the proposed sublease together with a copy of the tenant’s own lease, if available.
2. Within ten days after the mailing of this request, the landlord may ask the tenant for additional information. Any request for additional information may not be too difficult for the tenant to provide.
3. Within 30 days after the mailing of the tenant’s request to sublet or the additional information requested by the landlord, whichever is later, the landlord must send a reply consenting or denying the request. If the landlord fails to do so, the tenant may sublet, but is responsible for all obligations under the lease.

The landlord cannot ***unreasonably*** prevent the tenant from subletting. The tenant must notify the landlord in writing as any attempt to sublet the unit. The landlord can either consent or deny that request. If the landlord denies on unreasonable grounds, the tenant can sublet anyways. In the event of an ensuing legal battle, the tenant can re-claim legal fees if they win the case.

If the landlord consents, the tenant may sublet, but remains liable for current and all future monthly rent payments.

The tenant cannot charge the sub-tenant more than the unit's monthly rent, the terms of the sublease cannot supersede those of the primary lease, the tenant cannot sublease the apartment for a period of time that extends beyond those specified in the original lease, and the tenant cannot sublet the unit for more than two years within any four-year period. Additionally, the unit must remain the tenant's primary residence and they must demonstrate their intent to occupy the unit at the end of the sublease.

For more information, see **pages 10-12 of the Tenants’ Rights Guide** or **Fact Sheet #7** for more information on subletting.

**Assigning a Lease**

The **primary resident** (the tenant whose name is on the lease)assigns the lease to another when they are transfer the entire interest of the unit to someone else and permanently vacate the premises. This means they will have no future rights, interests, or claims to the unit. Essentially, they are giving up the apartment.

This can only be done with the written consent of the landlord, who may refuse for any reason or no reason at all. If the landlord's refusal is found to be unreasonable, the tenant is entitled to be released within 30 days of the date from which the request was originally submitted to the landlord.

For more information, see **pages 11 and 12 of the Tenants’ Rights Guide**.

**Links to Include**

**pages 10-12 of the Tenants’ Rights Guide**

<https://ag.ny.gov/sites/default/files/tenants_rights.pdf>

**Fact Sheet #7**

<http://www.nyshcr.org/Rent/FactSheets/orafac7.pdf>

**pages 11 and 12 of the Tenants’ Rights Guide**

https://ag.ny.gov/sites/default/files/tenants\_rights.pdf

**32 Eviction**

*This section describes the situations in which the owner can attempt to evict the tenant.*

A tenant eviction in the State of New York is only considered legal when the landlord has filed charges to evict a tenant and the court has sided with the landlord. The eviction is generally carried out by a sheriff or a marshal. The landlord cannot evict a tenant without going through the legal process. If the landlord evicts the tenant themselves, the landlord may be liable to the tenant for 3 times the tenants' damages. Tenants who think that they might be evicted are encouraged to seek legal aid.

In some cases, the landlord must notify DHCR of their intent to evict a tenant before they can legally begin the court proceedings. If the landlord wants to demolish a building, for example. However, they are instances in which the landlord does not need to get approval from DHCR, like if the tenant is not paying rent.

Not paying rent on time is the only instance in which the landlord does not have to provide the tenant with a termination notice. Generally, for these other examples, the landlord provides the tenant with notice:

Does not need approval from DHCR *and does not need to* notify tenant with termination notice

* Not paying rent

Does not need approval from DHCR, *but* *usually notifies* tenant with termination notice

* Failing to meet an obligation cited in the lease
* Damaging the housing unit
* Refusing the owner access to make needed repairs
* If the landlord or a member of their immediate family need to move in
* In New York City, the tenant is not using the unit as a primary residence
* It will be withdrawn from the rental market

Needs approval from DHCR, and *usually notifies* tenant with termination notice

* It will be demolished

**Not paying rent**

If a tenant fails to pay their rent on time, the landlord can notify DHCR of their intent to evict the tenant. The landlord needs DHCR’s permission before they can procced with legal eviction proceeding.

**Failing to meet an obligation cited in the lease and damaging the housing unit**

If the landlord finds out that the tenant is damaging the housing unit in any way (which is an obligation cited in the lease), they can issue what is called a “Notice to Cure” that informs the tenant that they need to rectify the problem or face eviction. For example, if the landlord finds out that the tenant is using heavy machinery and damaging the walls and creating noise or unsafe situations for other tenants, the landlord can issue a “Notice to Cure,” which in this case would mean that they stop using the machinery.

If the tenant fails to correct the issue, they landlord can serve the tenant with a “Termination Notice” at least 7 calendar days before they want the tenant out of the housing unit, and can begin legal proceedings to have them evicted. The landlord does not need DHCR’s permission to procced with legal eviction proceeding.

**Refusing the owner access to make needed repairs**

If there are repairs that need to be made to the unit and the landlord has given them reasonable notice and desires to make them during a reasonable hour, the tenant must let the landlord in to make the repairs. If they fail to do so, the landlord can move to evict the tenant, and does not need DHCR’s permission to procced with legal eviction proceeding.

**The landlord or a member of their immediate family need to move in**

The landlord can refuse to renew a rent-stabilized tenant’s lease when the landlord wants to use the unit for themselves or for a member of their immediate family. They can begin the eviction proceeding once the current lease expires, but must notify the tenant in writing between 150 and 90 days before their lease is set to expire.

There are some exceptions, however. In New York City, the landlord ***cannot*** evict a tenant or the spouse of the tenant if either one is a senior citizen or disabled, unless they can provide another unit in the area that is equal or superior and at the same or lower rent. Additionally, the landlord cannot evict a tenant if the unit had been converted to a non-eviction cooperative. Outside of New York City, the landlord ***cannot*** evict a tenant or the spouse of the tenant if either one is a senior citizen or disabled and has been in the unit for more than 20 years.

For more information on this type eviction, see **Fact Sheet #10.**

**In New York City, the tenant is not using the unit as a primary residence**

In New York City, if the landlord believes that the tenant is not using their unit as their primary residence (they are primarily living somewhere else), the landlord can move to evict them. They must notify the tenant in writing between 150 and 90 days before their lease is set to expire. Additionally, the landlord must give the tenant 30 days’ notice before they begin a court action. The notices can be combined, and the landlord does not need DHCR’s permission.

**It will be withdrawn from the rental market**

If the landlord desires to remove the housing unit from the rental market, in a hearing with DHCR they have to convince them that desire to remove “any and all housing accommodations from

both the housing and non-housing rental market without any intent to rent or sell all or any part of the land or structure.”

For more information on this type of eviction, see **9 NYCRR § 2524.5 of the New York Codes, Rules and Regulations, published by Tenant.net.**

**It will be demolished**

If the landlord intends to demolish a building that has tenants that are either rent-controlled or rent-stabilized tenants, the they must first obtain approval from DHCR before they can proceed and file for a permit with NYC Department of Buildings. In either case, they must file Form RA-54, "Owner's Application for Order Granting Approval to Refuse Renewal of Lease and/or to Proceed for Eviction." However, if the building contains any rent-controlled tenants, they must file Form RC-50 "Report and Certification to Alter or Demolish Occupied Housing Accommodations” before RA-54.

The DHCR application processing

Once the RA-54 application is accepted for filing, DHCR will do several things:

* serve each tenant with a copy of the application
* review all tenant responses
* conduct a hearing, if appropriate
* issue a written order granting or denying the application

During the application process owners do not have to offer renewal lease and required to serve tenants with termination notices, but tenants can remain in the unit with no rent increases and do not have to leave the unit until DHCR has issued a final approval on the demolition.

Additionally, tenants have some protections.

* If the owner's RA-54 application is granted, the DHCR Order will contain terms relating to relocation stipends, moving expenses, and will give the tenant a reasonable amount of time to vacate the apartment.
* If the owner's application is denied or withdrawn, the DHCR Order will direct the owner to offer the tenants prospective lease renewals.
* Orders can be appealed within 35 days. The filing of the appeal (PAR) stays (freezes) the order.
* Warrants of eviction must be obtained from a court of competent jurisdiction.

For more information on eviction by demolition, see **Fact Sheet #11.**

For more information on eviction in general, see **Fact Sheet #32**

**Links to Include**

**Fact Sheet #10**

<http://www.nyshcr.org/Rent/FactSheets/orafac10.pdf>

**see 9 NYCRR § 2524.4 of the New York Codes, Rules and Regulations, published by Tenant.net.**

<http://tenant.net/Rent_Laws/rsc/rsc2524.html>

**9 NYCRR § 2524.5 of the New York Codes, Rules and Regulations, published by Tenant.net.**

<http://tenant.net/Rent_Laws/rsc/rsc2524.html>

**Fact Sheet #11.**

<http://www.nyshcr.org/Rent/FactSheets/orafac11.pdf>

**Fact Sheet #32**

<http://www.nyshcr.org/Rent/FactSheets/orafac32.pdf>

**33 CO-OP and Condo Conversions**

*This section briefly describes CO-OP and condo conversions.*

When a rent-regulated unit is converted to a co-op or condominium, there are often two possible scenarios: either (1) tenants have the option to purchase the unit themselves and either stay there or rent it out to someone else, or (2) someone else buys the unit.

If someone else buys the unit, the buyer or landlord can either (1) let the current tenant stay in their rent-regulated unit under a non-eviction plan or (2) they can evict them under an eviction plan. For 90 days after the final offering for a co-op is determined, the tenants in a rent-regulated unit have an option to buy or purchase their share and the unit cannot be shown to prospective buyers. If a new tenant moves into a vacant unit that has been converted, they will no long be covered by rent regulation laws.

* Under an **eviction plan**, tenants *cannot* be evicted by the purchaser of a co-op or a condominium unit for a minimum of **three** years after the eviction plan goes into effect. If their lease expires before the three years is up, they are offered another lease that will end when the minimum three years are up. The new lease must be under the same terms as their original lease as rent-regulated tenant.
* Under a **non-eviction plan**, tenants ***cannot*** be evicted and are will remain in their units as rent-regulated tenants.

Senior citizens or disabled tenants may be eligible for exemptions.

For more information, see the **Coop/Condo Conversion Handbook.**

**Links to Include**

**Coop/Condo Conversion Handbook**

https://ag.ny.gov/sites/default/files/pdfs/bureaus/real\_estate\_finance/Co-Op%20Condo%20Conversion%20Booklet.pdf

**34 SCRIE & DRIE Frozen Rent**

*This section describes the rights of senior citizens and tenants with disabilities, including entering the rent freeze program.*

If the tenant is eligible and participates in one either the SCRIE (Senior Citizen Rent Increase Exemption) or DRIE (Disability Rent Increase Exemption) programs, the rent will be frozen at that rate and will be adjusted by orders of the respective program.

Eligibility requirements for SCRIE are as follows:

* Tenants must be **62 years or older**
* Be the **Head of Household** as the primary tenant named on the lease/rent order or have been granted succession rights
* The unit must be **rent-regulated unit** (for example, rent-controlled, rent-stabilized or a rent-regulated hotel apartment)
* The **combined household income** must be less than **$50,000**
* **Spend more than 1/3** of your monthly household income on rent

Eligibility requirements for DRIE are as follows:

* Tenants must **18 years or older**
* Be **named on the lease** or the rent order or have been granted succession rights
* The **unit must be rent-regulated** (for example, rent-controlled, rent-stabilized, or rent-regulated hotel apartment) or **an apartment located in a building where the mortgage was federally insured** under Section 213 of the National Housing Act, owned by a Mitchell-Lama development, Limited Dividend housing company, Redevelopment Company or Housing Development Fund Corporation (HDFC) incorporated under New York State's Private Housing Finance Law
* The **combined household income** must be less than **$50,000**
* **Spend more than 1/3** of your monthly household income on rent
* You must have been **awarded one of the following**:
  + Federal Supplemental Security Income (SSI)
  + Federal Social Security Disability Insurance (SSDI)
  + U.S. Department of Veterans Affairs disability pension or disability compensation
  + Disability-related Medicaid if the applicant has received either SSI or SSDI in the past
  + United States Postal Service (USPS) disability pension or disability compensation.

Tenants can determine whether they qualify for a **Senior Citizen Rent Increase Exemption (SCRIE)** or a **Disability Rent Increase Exemption (DRIE)** by calling 311 and following the menu options.

For more information, visit the following webpages:

**Qualifications for each program:**

**Eligibility Determination Tool**

**SCRIE/DRIE Brochure**

**Senior Citizen Rent Increase Exemption (SCRIE)**

**Disability Rent Increase Exemption (DRIE)**

***Special Note for Tenants with preferential rents****: If you have a preferential rent—a rent is below the legal allowable rent that a landlord can charge—you may still be eligible to apply. However, rents will not necessarily be frozen at the preferential level, but at 1/3 of the tenant’s household income, which might be higher than the preferential rent. Tenants should speak to someone about their eligibility.* **Applications can be found here***:*

**Links to include**

**Qualifications for each program**

<http://www1.nyc.gov/site/rentfreeze/qualifications/qualifications.page>

**Eligibility Determination Tool**

<http://www1.nyc.gov/site/rentfreeze/tools/rent-freeze-qualifier-tool.page>

**SCRIE/DRIE Brochure**

<http://www1.nyc.gov/assets/finance/downloads/pdf/brochures/scriedriebrochure.pdf>

**Senior Citizen Rent Increase Exemption (SCRIE)**

<http://www1.nyc.gov/nyc-resources/service/2424/senior-citizen-rent-increase-exemption-scrie>

**Disability Rent Increase Exemption (DRIE)**

<http://www1.nyc.gov/nyc-resources/service/1522/disability-rent-increase-exemption-drie-program>

**Applications can be found here**

[*http://www1.nyc.gov/site/rentfreeze/index.page*](http://www1.nyc.gov/site/rentfreeze/index.page)

**35 High-Rent High-Income Deregulation**

*This section describes high-rent high-income deregulation and how it works.*

There are two ways to deregulate protected units: if the unit reaches a high-rent threshold and then is vacant, or if the unit reaches a high-rent threshold and if the tenant crosses a high-income threshold. This section talks about high-rent high-income

**High-Rent High-Income** deregulation occurs when the apartment has reached the Deregulation Rent Threshold (DRT) as listed above ***and*** the landlord can establish that the tenants living in the apartment have a “total annual federal adjusted gross income” that exceeds $200,000 for each of the preceding two calendar years. This method of deregulation would be used to deregulate a unit in which the high-rent threshold has been met, but the tenant isn’t planning on leaving anytime soon. If a landlord can establish that the tenants living in the unit have a combined income of more than $200,000 for the previous two calendar years, then they can permanently deregulate the unit. Units that are receiving certain tax benefits like 421-a or J-51 are not eligible for High-Rent High-Income as long as the tax benefits are being received. Additionally, units that have tenants with Senior Citizen Rent Increase Exemptions (SCRIE) or a Disability Rent Increase Exemptions (DRIE) will not be considered for deregulation.

“Annual income” refers to the federal adjusted gross income as reported on the New York State Income Tax return, and “total annual income” refers to the sum of the annual incomes of all persons who occupy the apartment as their primary residence on other than a temporary basis. The annual incomes of employees of residents or sublettors is not included in the calculation, but rather the prime tenants. If the unit is leased by a corporation, their annual income is not considered.

The High-Rent High-Income Deregulation Process.

This is somewhat more of a complicated process then the High-Rent Vacancy process, specifically, there are important dates before which paperwork must be filed.

**On or before May 1** of each year, the landlord can file an Income Certification Form (ICF) if and only if the apartment has reached the DRT. Tenants are required to certify whether the household’s total annual income was in excess of $200,000—considering only the individuals referenced in the ICF—for each of the two preceding calendar years. The ICF does not require disclosure of any income information other than whether the threshold for each of the two preceding years has been met. It must notify tenants of their protection against harassment and must be delivered either by certified or first class mail or in person. The tenant(s) must return the ICF to the owner within 30 days after service.

If the tenant has certified that their incomes exceeded $200,000 for the two previous calendar years, the landlord must file an Owner’s Petition for Deregulation (OPD) with DHCR no later than June 30, which will request that no longer be subject to rent regulation upon expiration of the existing lease (rent-stabilized apartment), or as of March 1 in the year next succeeding the filing of the OPD (rent-controlled apartment).

If the tenant fails to return the ICF with 30 days after they have received it, or if the landlords disputes it, the landlord can file an OPD no later than June 30. The tenant will then have 60 days to submit the required information to the Department of Taxation and Finance (DTF) and DHCR, failure to do so could result in an order to deregulate the unit. If DTF notifies DHCR that it has determined that the total annual income was in excess of the threshold amount for each of the two preceding years, then DHCR will notify the owner and tenants of the results of such determination, and both parties will have 30 days to comment. When the comment period expires, DHCR will issue their order, which will be that the apartment is (1) still subject to rent regulation, (2) will be deregulated when the current lease expires, (3) will be deregulated as of March 1 in the year next succeeding the filing of the OPD for rent-controlled apartments.

**See Fact Sheet #36 for more information in Vacancy Deregulation** [Note: This is an old version, current version under revision]

For more information on rent increases, take a look at **Fact Sheet #26**, here:

**Links to include**

**Facts Sheet #36 on the state site…currently under revision on the fact sheet site**

<http://www.nyshcr.org/Rent/FactSheets/orafac36.htm>

**Fact Sheet #26**

<http://www.nyshcr.org/Rent/FactSheets/orafac26.pdf>

**36 High-Rent Vacancy Deregulation**

*This section describes what High-Rent Vacancy Deregulation is and how it works.*

There are two ways to deregulate protected units: if the unit reaches a high-rent threshold and then is vacant, or if the unit reaches a high-rent threshold and if the tenant crosses a high-income threshold. This section describes high-rent vacancy deregulation.

**High-Rent Vacancy** deregulation occurs when a unit exceeds its legal monthly rent threshold. As of January 1, 2018, the legal Deregulation Rent Threshold (DRT) is the rent is $2,733.75, and increases each year in accordance with the 1-Year lease increases as approved by the Rent Guidelines Board. Be sure to check the current DRT level, as it changes each year. Once the rent for a unit reaches the legal DRT, the apartment becomes deregulated upon vacancy. Units that are receiving certain tax benefits like 421-a or J-51 are not eligible for High-Rent Vacancy as long as the tax benefits are being received. (One thing to keep in mind is recent changes to the 421-a law in 2015 complicated this issue—while it’s true that units designated as affordable cannot be deregulated, the other units in the building are sometimes not regulated. So, if you live in a building built after 2015, tenants should check if they are in an affordable unit and then whether the building receives benefits under the old 421-a or the new Affordable New York Housing Program.)

For more information, see **page 2 of the Tenant’s Rights Guide**.

There is some recent debate about how a unit can be deregulated using the high-rent vacancy regulation. As has generally been understood, the unit can be deregulated if the high rent threshold is reached **during vacancy** if the monthly rent exceeds the threshold after including the vacancy bonus and individual apartment improvements (IAIs). However, the language in the most recent (2015) rent law amendments seems to require that the apartment must *first* reach the deregulation threshold and *then* become vacant before it can it be deregulated. However, the Court of Appeals, NY State's highest Court, settled this question—the Altman Ruling—last year by looking at the language put into the law in 1993. The Court found that the owner could increase the rent during vacancy through IAI's and the vacancy bonus and deregulate the apartment. That case did not look at the 2015 language, which is different.

There are two important ways that landlords can legally raise rents in rent-regulated apartments aside from the allowable rent increases allowed by the Rent Guidelines Board.

* **First**, is what is called a vacancy increase. In between leases, the landlord is entitled to increase the legal allowable rent by a certain percentage. So, when one tenant leaves a unit and another moves in, the landlord is allowed to charge a rent increase during to vacancy. These vary depending on the length of lease that the new tenant has chosen for their lease, but are usually somewhere between a 16 and 20 percent increase—which can quickly change the monthly rent.
* **Second**, landlords can pass off costs of improvements that they have made either to the building (Major Capital Improvements) or to the individual apartment (Individual Apartment Improvements). Often times a tenant will be notified that the landlord made an Individual Apartment Improvements during vacancy, sometimes resulting in the unit being deregulated.

Usually landlords reach the deregulation rent threshold by combining a vacancy increase with an Individual Apartment Improvement.

The High-Rent Vacancy Deregulation Process.

When the high rent threshold is met, two documents from the New York State Homes and Community Renewal (HRC) are involved: (1) an HRC HRVD-N and (2) an HRC annual apartment registration. The first document must either be provided at the signing of the new lease or be sent by certified mail to the new tenant within 30 days of when new tenancy commences or when the new lease has been signed by both parties. This document shows the last regulated rent, the reason for the deregulation, and how the new rent was calculated. It must also contain a statement that the tenant can verify the last legal regulated rent or maximum rent by contacting HRC.

The second form is a DHCR annual apartment registration and must be filed with HRC. It indicates the unit’s status as permanently exempt from rent regulation laws and when the deregulation will take affect—generally on the April 1st following the deregulation filing. It must be sent to the first tenant within 30 days after the tenancy commences or the filing of the registration with HRC, whichever occurs later.

**Links to include**

**page 2 of the Tenant’s Rights Guide**

<https://ag.ny.gov/sites/default/files/tenants_rights.pdf>