**1 EXPLANATION OF REWEWAL POLICIES**

*A quick overview of the renewal process for rent-regulated tenants.*

Landlords of tenants living in **non-rent-regulated units** must agree to renew the lease at the end of the lease term. If a tenant decides not to renew their lease, the tenant must leave when the lease expires or face eviction. However, leases do sometimes contain automatic renewal clauses. In those cases, the landlord must give the tenant an extra 15-30 days’ notice.

Landlords of renters living in a **rent-regulated apartment** are obligated by law to give tenants the option to renew their lease, either for one year or two. All lease renewals must be kept under the same terms and conditions as the original lease, unless there are some changes that have to be made in order to be in compliance with specific laws or regulation. Those changes would be attached to the renewal lease. This is one of the most powerful rights that rent-regulated tenants have. However, there are some exceptions, like if the landlord can demonstrate that the tenant does not use the unit as their primary residence or they have violated the lease in some way. Generally, tenants are given the option to renew the lease under the same terms **UNLESS THERE HAS BEEN A RECENT CHANGE IN THE LAW.**

Any rent increases must follow the legal allowable increases specified by the Rent Guidelines Board (RGB) **EXCEPT IN CASES WHERE THE TENANT HAS A PREFERENTIAL RENT.**  **A preferential rent** is when the landlord charges a rent that is less than the established legal regulated rent. The landlord is free to charge a lower rent if they desire; however, both the legal rent and the lower preferential rent **HAVE** to be disclosed on the original lease and any subsequent lease renewals. **IF THE LEGAL ALLOWABLE RENT IS ALREADY HIGHER THAN WHAT THE RGB’S INCREASE WOULD ALLOW, THE UNIT PROBABLY HAD A PREFERENTIAL RENT AT SOME POINT AND THE LANDLORD CAN RAISE THE RENT UP TO THE LEGAL ALLOWABLE RENT EVEN IF IT’S HIGHER THAN THE RGB’S ALLOWABLE PERCENTAGE**. You can calculate the legal allowable rent by looking at the unit’s rent history (which can be requested online) and comparing it to the history of Allowable Rent Increases and any additional charges that should be disclosed on your lease or lease renewal.

**Online Contact Form to Acquire Rent History**

**History of Allowable Rent Increases through 2018.**

**Lease Renewal Timeline.**

The landlord must give the tenant written notice of their right to renew between 150 and 90 days of the expiration of the lease. The tenant has 60 days from when they were given the notice to renew. If the tenant does not accept, the landlord can seek eviction proceedings. If the tenant accepts, the landlord has 30 days to return the signed lease. If you have not received a lease renewal from the landlord, it is recommended that you contact the landlord immediately, ask for a lease, and notify them of your desire to stay.

Once you have signed the lease renewal, the lease is considered to be binding, and you should pay the appropriate increase when the current lease expires, whether or not the landlord returns a copy of the lease after they have signed it. If the landlord fails to renew a lease or if they fail to return a copy of the signed lease, you should contact your landlord about providing you a copy or lodge a complaint with the New York State Division of Housing and and Community Renewal. Filing a complaint is an important step in demonstrating your compliance with rent regulation and could be useful in defending your actions in court, if necessary. The form for lodging a complaint can be found below:

**Landlord’s Failure to Renew or Return a Signed Lease.**

**See Fact Sheet #4 for more information on the lease renewal process.**

**An example of sample lease with some basic explanations can be found here**

**Links to include**

**Online Contact Form**

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

**History of Allowable Rent Increases through 2018**

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

**Landlord’s Failure to Renew or Return a Signed Lease**

<http://www.nyshcr.org/Forms/Rent/ra90.pdf>

**Fact Sheet #4**

<http://www.nyshcr.org/Rent/FactSheets/orafac4.pdf>

**sample lease**

<https://www1.nyc.gov/assets/finance/downloads/pdf/leap/renewal-lease.pdf>

**2 DATE OF THE LEASE**

*On this line, the landlord provides a date for when the document was filled out.*

Here the landlord records the date that the lease renewal was filled out. This is not the date of the current lease or for the lease renewal, but the date for when the lease renewal was filled out and either mailed or delivered to the tenant. Since the landlord is obligated to provide the tenant with a lease renewal form within 150 to 90 days before the current lease expires, the date on the lease renewal from should be within that 150- to 90-day window. The date the current lease expires is listed in item 1 of the lease renewal. The date of the lease is the date from which you calculate the 60 days you have to decide whether or not to renew the lease and sign and return it.

See **Fact Sheet #4** for more information.

**Links to include**

**Fact Sheet #4**

<http://www.nyshcr.org/Rent/FactSheets/orafac4.pdf>

**3 TENANT’S NAME AND FULL ADDRESS**

*These lines are for listing the current tenants (all those on the original lease) and their address.*

Often the landlord or their agent (some who works for the landlord like an managing agent) will fill this in for the tenant; however, make sure that every tenant who was on the original lease is listed here. This should include every tenant’s full name, the address of the unit, including the apartment unit.

**4 LANDLORD’S NAME AND ADDRESS**

*These lines are for listing the landlord and their address.*

The landlord’s name and address should be listed on these lines. It might also include the name and address of the managing agent that is acting on behalf of the landlord.

**5 DATE OF EXPIRATION OF CURRENT LEASE**

*Item 1 lists the date of expiration of the current lease.*

The date of the expiration of the current lease should be listed here. This should match the expiration that is listed **in Item 2 “Length of Lease”** (or its equivalent section) in the original lease or in **Item 1** on the previous lease renewal.

Tenants are to receive the lease renewal within a specific window: “not more than 150 days and not less than 90 days prior to the end of the tenant's lease term.” This date is the date to which this window refers. It is also the date by which the tenant must decide to renew their lease for either 1 or 2-years.

**Important considerations**

If the landlord is late on offering a lease renewal (less than 90 days before the current lease expires) the tenant has two options.

* **Option 1**: the tenant can stick with the original timeline and begin the lease as if a timely offer been made.
* **Option 2**: the tenant can begin the lease no less than 90 days prior after the landlord offers the new lease to the landlord. If the tenant chooses Option 2, the rent increase rate that is applied is the rate that would have been applied had the lease renewal been offered on a timely date.

In other words, the tenant will not be penalized if the landlord is late in offering a new lease. That being said, the tenant is advised to contact the landlord immediately if they fail to offer them a new lease. If that fails, the tenant is encouraged to file a complaint with New York State Division and Housing and Community Renewal. The appropriate document can be found here:

**Tenant’s Complaint of Landlord’s Failure to Renew or Return a Signed Lease:**

**See Fact Sheet #4 for more information:**

Example:

1. Mr. Rivera’s lease expired on July 31, 2011. He did not receive a timely renewal offer between 150 or 90 days of when his lease was set to expire. So he kept paying his rent of $800.
2. On May 15, 2012, the landlord offers a retroactive lease renewal to begin on August 1, 2011, with rates based upon the 2011 1-year and 2-year renewal rates as approved by the Rent Guidelines Board.
3. The choice of when the new lease will start is up to Mr. Rivera. He can have it start on either (a) August 1, 2011 when it was originally supposed to start, or (b) he can have the lease start on September 1, 2012, roughly 90 days from when he received the lease renewal offer.
4. While the landlord offered the lease renewal at the allowable increase rates of 2011, the rates for 2012 were actually lower. Because the landlord's offer was untimely, there are now two different RGB increases, one if the offer had been timely and one at the time of the offer. Because the landlord failed to follow the timing rules, Mr. Rivera’s rent will increase the lower of the two options.

**Links to include**

**Tenant’s Complaint of Landlord’s Failure to Renew or Return a Signed Lease:**

<http://www.nyshcr.org/Forms/Rent/ra90.pdf>

**See Fact Sheet #4 for more information:**

<http://www.nyshcr.org/Rent/FactSheets/orafac4.pdf>

**6 RENEWAL TERMS**

*Item 2, Column A lists the renewal terms.*

One of the rights of tenants living **rent-regulated units** is that they landlord is obligated by law to give tenants the option to renew their lease, either for one year or two. All lease renewals must be kept under the same terms and conditions as the original lease, unless there are some changes that have to be made in order to be in compliance with specific laws or regulation. Those changes would be attached to the renewal lease. This is one of the most powerful rights of rent-regulated tenants.

There are some exceptions. For example, if the landlord can demonstrate that the tenant does not use the unit as their primary residence or they have violated the lease in some way, they can file a request to deny tenants renewal offers.

**One year** offers are for leases that end one year from the specified date on the lease renewal, while **two year** offers end after two years.

Landlords of tenants living in **non-rent-regulated units** must agree to renew the lease at the end of the lease term. If a tenant decides not to renew their lease, the tenant must leave when the lease expires or face eviction. However, leases do sometimes contain automatic renewal clauses. In those cases, the landlord must give the tenant an extra 15-30 days’ notice.

**7 LEGAL RENT ON CURRENT LEASE**

*Item 2, Column B lists the legal rent on the current lease that is about to expire.*

This is the legal rent on the current lease that is about to expire. It represents the highest legal amount that the landlord could have charged you; however, it may not have been what you were paying. Sometimes a landlord will charge tenants less than they can legally charge. This is called a **"preferential rent."** There are several reasons why they may do this, including not finding someone to pay the legal rent or to qualify for a specific program with a rent cap. Regardless, the landlord has to disclose the "legal regulated rent” in this box.

Furthermore, the landlord has to register the “legal regulated rent,” with the New York State Division of Housing and Community Renewal (DHCR) each year. However, landlords often fail to report the accurate rent, renters do not always know their legal rent, and both the legal and the preferential rent are not always made clear on the original lease and all subsequent renewals. Moreover, there is little oversight that makes sure that landlords are correctly reporting the “legal regulated rent.” Rather, the system functions more like an honor system.

Housing advocates are increasingly finding that landlords are not reporting the “legal regulated rent.” Tenants should be aware of this because it makes it easier for landlords to claim that the unit is deregulated—no longer subject to rent regulation law—or to charge more than they legally should.

The most important thing that tenants can do is to request their rent history. A rent history is a record of all the “legal regulated rents” for a specific unit that were reported each year by the landlord. This is the first step in learning the status of a unit. These should be examined with caution; however, since there is no way to ensure what was disclosed is accurate. Tenants can fill out a **form on this website** to their request that their rent history be sent to their address.

While examining the unit’s rent history, it might be helpful to see the history of allowable rent increases, which can be found on the **Rent Guidelines Board’s website.**

**Also, here is a good article from Curbed that describes how preferential rents can be used against tenants.**

See the following two links for more information on preferential rents:

**Fact Sheet 40: Preferential Rents**

**Met Council on Preferential Rents**

**Links to include**

**form on this website**

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

**Rent Guidelines Board’s website**

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

**good article from Curbed**

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

**Fact Sheet 40: Preferential Rents**

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

**Met Council on Preferential Rents**

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

**8 RGB Allowable Rent Adjustments**

*Item 2, Column C section specifies the legal allowable rent increases for one- and two-year leases that have been determined by the New York City Rent Guidelines Board (RGB.*

Tenants who live in rent-regulated units are entitled to either one-year or two-year lease renewals. The New York City RGB is mandated by the Rent Stabilization Law in New York City to determine the allowable percentage increases that landlords can charge on one- and two-year lease renewals. The RGB holds meetings beginning in March or April that run until as late June. The mayor appoints board members who hear arguments from a variety of interest groups: owners, tenants, and industry experts. The RGB also carefully weighs staff research. **A** **history of allowable rent increases through 2018** can be found online.

More on the **Rent Guidelines Board** can be found online, along with their **meeting schedule**.

**Example of an Allowable Increase**

From leases that were to be renewed between October 1, 2016 to September 30, 2017, the legal allowable increases were 0.0% for one-year leases and 2.0% for two-year leases. So for a tenant whose current lease had expired had a "legal regulated rent” at $1,500, there would be no increases on one-lease and a $30 ($1,500 x 2% = $30) increase on a two-year lease. In other words, if they were to sign a one-year lease they would pay $1,500 and $1,530 for two-year lease.

**Links to include**

**A history of allowable rent Increases through 2018**

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

**Rent Guidelines Board**

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

**meeting schedule**

<https://www1.nyc.gov/site/rentguidelinesboard/meetings/meetings.page>

**9 OTHER ALLOWABLE INCREASES (IAIs)**

*Item 2, Column D lists additional, allowable increases to the monthly rent.*

This section specifies the additional increases that landlords are allowed to add to the Rent Guideline Board’s (RGB) allowable increases. The most common increases included here are what is called an IAI. When significant improvements are made to a rent-regulated unit, they are classified as Individual Apartment Improvement (IAI). This includes:

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.

When these types of improvements are made to the unit, the landlord is entitled to an increase in the legal allowable rent. 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 any improvements. If the unit is not occupied, the landlord does not need any written permission.

**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.

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

**Example**

In a building that has more than 35 units, 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.

**How IAIs differ from MCIs.**

An Individual Apartment Improvement (IAI) differs from a Major Capital Improvement (MCI) in a few ways.

1. **First**, IAIs are only made to an individual apartment, while MCI are benefits to all the residents of the building. One exception, however, is that a landlord may be able to get an MCI if they replace they (for example) replace the sinks in each of the units in the building.
2. **Second**, IAIs require written permission from the tenant if the unit is occupied, while MCIs require approval from the New York State Division of Housing and Community Renewal (DHCR). Most IAIs are made to units when they are vacant, because no permission is needed.
3. **Third**, the rent increases are calculated differently. For IAIs, they are either 1/40th or 1/60th of the cost of the improvement depending the number of units in the building, while rent increases for MCIs are determined by DHCR and cannot exceed 6% of the rent, annually.

**SCRIE and DRIE**

Tenants who are receiving a SCRIE (Senior Citizen Rent Increase Exemption) or DRIE (Disability Rent Increase Exemption) do pay for IAI adjustments, unlike MCIs, which they do not.

**Complaints**. If you did not receive a rider in your lease explaining the IAI increases, you should ask the landlord for it or **file a complaint** with New York State Division of Housing and Community Renewal (DHCR).

If the you have already signed a lease, but think that the charges are exaggerated or false, you can file a rent overcharge claim. In defending their case, the landlord would have to provide receipts or proof of some sort. You can also **file a rent overcharge claim** with New York State Division of Housing and Community Renewal (DHCR).

For more information on IAIs can be found on **Fact Sheet #26** or the **Operational Bulletin** that supersedes Fact Sheet #12:

**Links to Include**

**page 4 of this Operational Bulletin**

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

**file a complaint**

<http://www.nyshcr.org/AboutUs/ContactUs.htm#rent-admin>

**file a rent overcharge claim**

<http://www.nyshcr.org/Forms/Rent/ra89.pdf>

**Fact Sheet #26**

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

**Operational Bulletin**

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

**10 MCIs and Other Lawful Increases**

*Item 2, Column E lists other allowable increases to the monthly rent.*

In this section, the landlord specifies other lawful rent increases other than the legal allowable increase. The most common increases listed here are **major capital improvements** (MCIs). This is a when a landlord makes an improvement to the building that benefits or effects all residents. Repairs do not qualify as MCIs.

**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 then add the costs of an MCI increase 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-controlleded 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** or 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>

**Fact Sheet #24**

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

**Frequently Asked Questions**

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

**11 New Legal Rent**

*Item 2, Column F lists the total monthly rent resulting from allowable rent increases. It sums all the allowable increases listed in item 2.*

This box indicates the total new rent to be charged. The formula is as follows:

New Legal Rent = Column B + Column C + Column D + Column E

The **New Legal Rent** is the total of **Column B** (the current legal rent) plus **Column C** (allowable increases set by the RGB)plus **Column D** (IAIs, if applicable) plus **Column E** (MCIs, if applicable). This number is the new legal rent for the lease that is being renewed for either a 1-year or 2-year lease.

If a lower rent is to be charged, the small box inside will be marked and item 5 will specify the lower rent. This lower rent will be a preferential rent because the landlord is charging less than the legal allowable rent. 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.

**Things to keep in mind about Preferential Rents.**

Often tenants do not know that they are paying preferential rents. It is important to know whether the rent is what’s called a “preferential rent.” This means it is lower than legal allowable rent. Often landlords surprise their tenants by raising their rents to the legal allowable rent and ending their preferential rent. They can do this as long as the preferential rent and the legal rent is disclosed in the initial lease and every subsequent renewal lease. Often times, the increase from the preferential to the legal rent is substantial, and tenants leave instead of paying the higher rent. This technique is often used to create high turnover in a unit so that the landlord can more quickly deregulate the unit by making individual apartment improvements (IAIs) and charge vacancy increases. In short, this box and item 5 are the places that indicate whether or not the tenant is paying a preferential or legal rent. Both the legal and the preferential rents should be disclosed on both the original lease and any subsequent leases or renewals.

**Also, here is a good article from Curbed that describes how preferential rents can be used against tenants.**

See the following two links for more information on preferential rents:

**Fact Sheet 40: Preferential Rents**

**Met Council on Preferential Rents**

**Links to include**

**good article from Curbed**

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

**Fact Sheet 40: Preferential Rents**

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

**Met Council on Preferential Rents**

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

**12 Current Security Deposit**

*Item 3 specifies the current security deposit and the additional amount need resulting from rent increases.*

This is the space that indicates the current security deposit that is being held by the landlord for the unit. Generally, this is the same as the legal current rent, although it can be more or less.

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

**13 Security Deposit Increase**

*Item 3 specifies the current security deposit and the additional amount need resulting from rent increases.*

In this section of item 3, the landlord indicates the security deposit increase, that is, the additional money that will be collected from the tenant to cover the new security deposit. Often, the security deposit is equal to one month’s rent, so the security deposit increase will be the same amount as the increase in the rent.

For example, if the current rent is $1,500 and a 1-year legal allowable increase is 3%, then the rent will increase by 3% of $1,500, or $45, to a total of $1,545 ($1,500 + $45 = $1,545). If the current security deposit held by the landlord is the same as one month’s rent at $1,500, then the security deposit increase to be collected will be $45.

**14 Other Charges**

*Item 4 specifies separate charges in addition to the legal allowable charges listed in item 2.*

Besides the legal allowable charges listed in Item 2, the landlord can include additional charges for air conditioners and appliances.

**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 $5.00 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 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 $5.00 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.

**Links to include**

**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 Preferential Rent**

*Item 5 identifies if there is a lower (preferential) rent that is to be charged instead of the legal allowable rent. There is a separate section for SCRIE and DRIE.*

In item 5, the landlord indicates whether they are charging the tenant a preferential rent. 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. This is the section where the landlord specifies they are doing so.

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.

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>

**Fact Sheet #40: Preferential Rents**

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

**Met Council**

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

**16 Preferential Rent Riders**

*Item 5 lists the preferential rent and indicates whether there is a preferential rent rider attached.*

A **preferential rent rider** is a document attached to a lease that clarifies a condition or a special arrangement in which a tenant will pay a lower rent than what can legally be charged. When there is a preferential rent rider attached to the lease, it will generally say that the preferential rent has been agreed upon by both parties for the ***duration*** of the tenancy of the individual tenant. This means that the preferential rent will be paid for the entire time a tenant lives in a unit, not just from lease to lease as the landlord chooses. Tenants receiving a SCRIE (Senior Citizen Rent Increase Exemption) or DRIE (Disability Rent Increase Exemption) are among the most likely to have a preferential rent rider.

Preferential rent riders are not common, especially because it benefits the landlord when the tenant does not know they are paying a preferential rent. Since rent controls constrain how much landlords can charge for rents, the ability of landlords to legally charge more is useful if they are trying to force tenants out so they can add in vacancy bonuses to more quickly attain the deregulation rent threshold. This is a common technique in gentrifying neighborhoods where the sudden influx of residents able to pay higher rents incentivizes landlords to more quickly deregulate their apartments so they can charge market rates.

Here’s a **good article** on how preferential rents are used against tenants:

**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>

**Fact Sheet 40**

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

**Met Council**

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

**17 Final Monthly Payment**

*Item 6 specifies the final monthly payment to be received from the tenant to the landlord on either a 1-year or 2-year lease renewal*. *This number will be listed again in Part B.*

The amount from either **item 2F** (the legal allowable rent) or from **item 5** (the preferential rent) will be entered here in appropriate space for either a 1-year or 2-year lease renewal. If there are additional charges to be added from item 4, they will be entered in the third blank space, with the final amount entered in either of the last two blanks spaces, depending on if the lease renewal is for 1-year or 2.

**Example**

For example, for a 2-year lease renewal with a legal allowable rent of **$1,573.12** and no additional charges would look like this:

6. Tenant shall pay a monthly rent (enter amount from 2F or 5) of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for a 1-year renewal or $ \_\_\_\_\_\_**1,573.12**\_\_\_\_\_ for a 2-year renewal, plus total separate charges (enter amount from 4) $\_\_\_\_\_\_\_\_\_\_\_\_\_ for a total monthly payment of $\_\_\_\_\_\_\_\_\_\_\_\_\_ for a 1 year renewal or $\_\_\_\_\_**1,573.12** \_\_\_\_\_\_\_ for a 2 year renewal.

**18 New Lease Commencement**

*Item 7 indicates the dates when the new lease will commence and terminate.*

Generally, the new lease will commence the day after you prior lease expires, as indicated in **item 1.**

**Example**

If the current lease expires on 3/31/2018, then the new lease will commence on 4/1/2018. The new lease will terminate either 1 or 2 years from when it expires, that is, on either 4/1/2019 or 4/1/2020, depending on which lease the tenant selects.

**19 SCRIE & DRIE Frozen Rent**

*Item 9 indicates whether or not the rent for this unit is frozen under either the SCRIE or DRIE programs.*

This item specifies if the rent for this unit is frozen under either the SCRIE or DRIE program. If the tenant is eligible and participates in one of these 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, or a unit regulated under another program such as the Mitchell Lama housing program.)
* 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)

**20 Operative Sprinkler System**

*Item 10 indicates whether or not the building in which the unit is located has a sprinkler system that operates.*

Aside from indicating whether or not the building has a sprinkler system that operates, this also indicates when the system was last inspected and maintained.

**21 Tenant’s Terms of Acceptance**

*This is the section where the tenant confirms the desired length of the renewal lease.*

Here, the tenant has 3 options to choose from: they can renew their lease for 1 year, for 2-years, and not to renew the lease.

* **Option 1:** By marking the first box, the tenant indicates that they want to renew the lease for 1 year at the monthly rental payment as indicated in item 6.
* **Option 2:** By marking the second box, the tenant indicates that they want to renew the lease for 2 years at the monthly rental payment as indicated in item 6.
* **Option 3:** By marking the third box, the tenant indicates that they do not want to renew the lease and that they will leave the unit by the date indicated in item 1.

**22 Date of Acceptance**

*Here, each party of the lease (tenants and landlord) indicate when they each agreed to the terms and conditions of the renewal lease.*

In this section, both the tenant and the landlord or managing agent must fill in the date that the lease was signed by both parties. It is very important that the lease is dated by both parties.

**23 Acknowledgement of Acceptance**

*This section indicates that both the landlord and the tenant agree to the terms of the lease renewal.*

Here, both the tenant and the landlord (or someone who works for the landlord like someone from a management company) must sign the lease to acknowledge their acceptance of the terms of the lease. The signatures by both parties are required for the lease to be fully executed and binding.

**24 Timing of Lease Renewal**

*This section provides information for the landlord and tenant about the proper timeline for the lease renewal process.*

The landlord is obligated to provide two copies of the lease renewal to the tenant within a specific window (150 to 90 days before the current lease expires). The date the current lease expires is listed in item 1 of the lease renewal. This is the date by which the tenants must decide whether or not to renew their lease.

**Important Considerations.** If the landlord is late on offering a lease renewal (less than 90 days before the current lease expires) the tenant has two options.

* **Option 1:** the tenant can stick with the original timeline and begin the lease as if a timely offer been made.
* **Option 2:** the tenant can begin the lease no less than 90 days after the offer has been made to the tenant. If the tenant chooses Option 2, the rent increase rate that is applied is the rate that would have been applied had the lease renewal been offered on a timely date.

In other words, the tenant will not be penalized if the landlord is late in offering a new lease. That being said, the tenant is advised to contact the landlord immediately if they fail to offer them a new lease. If that fails, the tenant is encouraged to file a complaint with New York State Division of Housing and Community Renewal: **Landlord’s Failure to Renew or Return a Signed Lease.**

This particular complaint can be indicated in Part III “Nature of the Complaint.”

See **Fact Sheet #4** for more information on lease renewals.

An example:

1. Mr. Rivera’s lease expired on July 31, 2011. He did not receive a timely renewal offer between 150 or 90 days of when his lease was set to expire. So he kept paying his rent of $800.
2. On May 15, 2012, the landlord offers a retroactive lease renewal to begin on August 1, 2011, with rates based upon the 2011 1-year and 2-year renewal rates as approved by the Rent Guidelines Board.
3. The choice of when the new lease will start is up to Mr. Rivera. He can have it start on either **(1)** August 1, 2011 when it was originally supposed to start, or **(2)** he can have the lease start on September 1, 2012, roughly 90 days from when he received the lease renewal offer.
4. While the landlord offered the lease renewal at the allowable increase rates of 2011, the rates for 2012 were actually lower. Because the landlord's offer was untimely, there are now two different RGB increases, one if the offer had been timely and one at the time of the offer. Because the landlord failed to follow the timing rules, Mr. Rivera’s rent will increase the lower of the two options.

**Links to include**

**Landlord’s Failure to Renew or Return a Signed Lease.**

<http://www.nyshcr.org/Forms/Rent/ra90.pdf>

**Fact Sheet #4**

<http://www.nyshcr.org/Rent/FactSheets/orafac4.pdf>

**25 Correct Rent Increases and Registered MCIs**

*This section notifies landlords of their responsibilities to complete all the items in Part A of the Lease Renewal, which specifically detail how the rent was calculated.*

This means that any rent increases as noted in **Items 2 and 4** must follow the applicable Rent Guidelines Board adjustments and any other adjustments must be authorized by the Rent Stabilization Code. Additionally, any increases collected from Major Capital Improvements (MCIs) adjustments as noted in **Item 2 Column E** must have been registered with DHCR at the appropriate time.

The tenant can verify the accuracy of what the landlord has filled out in Part A by looking at the **history of allowable rent Increases through 2018.**

**Example**

From leases that were to be renewed between October 1, 2016 to September 30, 2017, the legal allowable increases were 0.0% for one-year leases and 2.0% for two-year leases. So for a tenant whose lease was eligible for renewal, and they had a "legal regulated rent” at $1,500, there would be no increases on one-leases and a $30 increase on all two-year leases. In other words, if they were to sign a one-year lease they would pay $1,500 and $1,530 for two-year leases.

More information about MCIs can be found on **Fact Sheet #24**. Also, see also **Frequently Asked Questions about MCI’s**.

**Links to include**

**history of allowable rent Increases through 2018.**

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

**26 No New Lease Provisions**

*The section notifies landlords that they are obligated to present tenants with lease renewal options on the same terms and conditions as the original lease.*

Tenants living in rent-regulated units have the right to be offered a 1-year or 2-year lease renewal under the same terms and conditions as the expiring lease. The only exception is for changes that are required to comply with specific laws or regulations. This means that the landlord cannot add any new conditions to the renewal lease, except those specified by the Rent Stabilization Code.

**Example**

Ms. Copper signed a 2-year lease without any clauses and riders about lead paint, recyclable materials, late fees or pets. When her new lease expired, she received a renewal lease with the following riders:

1. Rider 1 requests that the Ms. Cooper advise the owner if a child under 6 years old resides in the apartment so that the landlord can take necessary precautions dealing with lead-based paint hazards.
2. Rider 2 specifies how certain materials such as paper, cardboard, cans, bottles, etc. must be recycled.
3. Rider 3 states that the tenant will be liable for a $20 late fee if rent is received by the landlord after the 10th of the month.
4. Rider 4 prohibits having pets in the apartment.

In this instance, Riders 1 and 2 are lawful additions to the lease because they are necessary to comply with New York City lead paint and recycling laws. However, Riders 3 and 4 cannot be added to the lease because they constitute material changes to the terms and conditions of the vacancy lease, which did not include a late fee or a pet clause. Ms. Cooper can sign the rider without waiving any rights and may file a lease renewal complaint.

If there are any new conditions that are made to the original lease, a copy of that agreement must be attached to the lease renewal and be signed by both parties.

For more information on the Lease Renewal Process, **see Fact Sheet #4.**

**Links to Include**

**Fact Sheet #4**

<http://www.nyshcr.org/Rent/FactSheets/orafac4.pdf>

**27 Return Copy**

*This paragraph notifies landlords of their responsibility to return a copy of the* ***fully executed lease*** *(signed by both parties—tenants and landlord) to the tenants.*

If the tenant has not received a copy of the fully executed lease with 30 days of when the landlord received the tenant’s signed copies, the tenant should both notify their landlord and file a complaint with the DHCR. Filing a complaint is an important step in demonstrating your compliance with rent regulation and could be useful in defending your actions in court, if necessary.

The tenant should mark the appropriate box in Part III “Nature of the Complaint” on the "Tenant's Complaint of Owner's Failure to Renew Lease and/or Failure to Furnish a Copy of a Signed Lease" form, which can be accessed online.

**Links to Include**

**"Tenant's Complaint of Owner's Failure to Renew Lease and/or Failure to Furnish a Copy of a Signed Lease"**

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

**28 Choice to Reject or Accept Offer**

*This section notifies the tenant that if they desire to remain in their rent-regulated unit, they must check the appropriate box in* ***Part B*** *and return the signed copy of the lease renewal to their landlord within 60 days of when they originally received it.*

Again, if the landlord is late in offering a lease to the tenant, the tenant has two options: **Option 1**, they can stick with the original timeline and begin the lease as if a timely offer been made or **Option 2**, they can begin the lease no less than 90 days after days after the offer has been made to the tenant. The following example is helpful in illustrating this.

**Example**

1. Mr. Rivera’s lease expired on July 31, 2011. He did not receive a timely renewal offer between 150 or 90 days of when his lease was set to expire. So he kept paying his rent of $800.
2. On May 15, 2012, the landlord offers a retroactive lease renewal to begin on August 1, 2011, with rates based upon the 2011 1-year and 2-year renewal rates as approved by the Rent Guidelines Board.
3. The choice of when the new lease will start is up to Mr. Rivera. He can have it start on either **(1)** August 1, 2011 when it was originally supposed to start, or **(2)** he can have the lease start on September 1, 2012, roughly 90 days from when he received the lease renewal offer.
4. While the landlord offered the lease renewal at the allowable increase rates of 2011, the rates for 2012 were actually lower. Because the landlord's offer was untimely, there are now two different RGB increases, one if the offer had been timely and one at the time of the offer. Because the landlord failed to follow the timing rules, Mr. Rivera’s rent will increase the lower of the two options.

If the tenant fails to return a signed copy of the lease renewal indicating their decision to stay within 60 days of when they received it from their landlord, the landlord can refuse to renew the lease and move to evict the tenant.

**See Fact Sheet #4 for more information**

**Links to include**

**See Fact Sheet #4 for more information:**

<http://www.nyshcr.org/Rent/FactSheets/orafac4.pdf>

**29 Questions or Concerns**

*This and the preceding paragraph advise the tenant to verify the accuracy of the renewal lease and ask any questions they might have.*

The tenant is advised to make sure that all the adjustments are correct. If the tenant has any questions, they should either ask their landlord for clarification or they can contact New York State Division of Housing and Renewal’s (DHCR) Office of Rent Administration for an explanation. They can be reached on the phone at (718) 739-6400 or **submit a question** online.

**Links to include**

**Submit a question**

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

**30 Preferential Rent Notice**

*This paragraph is intended to notify the reader of a signing a lease that has a preferential rent.*

Again, this paragraph is designed to notify the reader of a signing a lease renewal that is a preferential rent. 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.

This section is designed to also alert tenants to the possibility that landlords might raise the rent to the lawful limits when tenants renew their leases in the future. This may result in a higher than expected rent increase.

**Example**

For example, the tenant’s established legal rent is $1,500.00, the established preferential rent is $1,000, and the legal allowable increase for a 1-year lease in 2011 is 3%.  The tenant is currently paying the preferential rent of $1,000.00. The landlord can legally raise the established rent $45.00 ($1,500.00 x 3%=$45.00) to a total of $1,545.00 upon the tenant signing a new lease. However, the landlord can also keep the rent the same for that year, at $1,000.00, or make the tenant pay anything up to $1,545.00. It would still be considered a preferential rent for 2012, and the landlord would have to disclose on the renewal lease that it’s a preferential rent. That means the landlord can raise the rent more than just what the rent guidelines board says the increase is for that year (from $1,000.00 to $1,545.00, which is much more than the legal 3% increase) because the landlord was charging them a preferential rent. In the example, the increase is very steep and some tenants might not be able to afford that increase. This is also why some tenants’ rents still increased in years where there was a rent freeze.

Tenants should be aware that this tactic is often used by landlords who want to force tenants out of rent-regulated units so they can more quickly de-regulate them and charge market rates.

Here’s a **good article** **from Curbed** on how preferential rents can be used against tenants:

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

**Links to include**

**good article** **from Curbed**

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

**Fact Sheet 40**

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

**Met Council**

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

**31 Conditions of Acceptance and Eviction**

*These last few sections are designed to alert tenants of their conditions of acceptance, their potential eviction if they fail to comply, and their rights to make official complaints.*

**Conditions of Acceptance**

Upon signing the lease and indicating their desired tenancy (1-year or 2-years), the tenants are responsible for adhering to the new lease conditions: the rent increases, any lawful changes made or attached to the lease renewal, paying an additional security deposit, or vacating the unit when the lease has expired.

**Potential Eviction**

Tenants have 60 days from when they receive the renewal lease form to sign and return their decision to their landlord. If they fail to return their signed renewal lease form within 60 days, the landlord does not have to renew the lease and can ask them to leave the unit or begin eviction proceedings.

**Official Complaints**

If the tenant has not received a copy of DHCR Lease Rights Rider with the lease renewal form, has not received the lease renewal within the proper window (150-90 days before their current lease expires), or did not receive a fully execute copy (the final coy that was signed by both tenant(s) and landlord), they can notify the Division of Housing and Community Renewal and file a complaint.

If the tenant has not received a copy of the fully executed lease with 30 days of when the landlord received the tenant’s signed copies, the tenant should both notify their landlord and file a complaint with the DHCR. Filing a complaint is an important step in demonstrating your compliance with rent regulation and could be useful in defending your actions in court, if necessary.

The Tenant should mark the appropriate box in **Part III “Nature of the Complaint**” on the **"Tenant's Complaint of Owner's Failure to Renew Lease and/or Failure to Furnish a Copy of a Signed Lease"** form.

**Links to Include**

**"Tenant's Complaint of Owner's Failure to Renew Lease and/or Failure to Furnish a Copy of a Signed Lease"**

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