



Instructions For RA-79
"Owner's Application for A Rent Increase Based on Major Capital Improvements (MCI)"

Please read instructions carefully.

Who May Apply For A MCI Rent Increase?

You may apply to increase the rent in a building you own or manage if you have completely installed, paid for and applied for or secured all required approvals and/or Certificates of Operation for building-wide improvements such as windows, roofs, plumbing, electrical, burner/boiler, etc. No increase will be issued until final approvals are received. In the event that payment is not complete at the time of filing due to a loan or installment agreement, include the relevant documents.

If a Cooperative/Condominium Corporation is eligible to file for an MCI increase, the application must be filed by the managing agent of the corporation on behalf of the corporation and all proprietary lessees (shareholders) including the sponsor, or it must be filed by a proprietary lessee on behalf of and with the written consent of all proprietary lessees. Applications will not be accepted from individual owners on their own behalf.

You must file the application within two years of the MCI's completion, unless the application could not be filed because you were not able to obtain required governmental approvals and you can show that the delay was beyond your control (you or your contractor applied for the approvals in a timely manner). If you have obtained a J-51 Certificate, enclose a copy with your MCI application.

Please review DHCR Fact Sheet #33 "Useful Life Schedule for Major Capital Improvements" prior to filling out your application.

Please review DHCR Policy Statement 93-2 "Definition of Room for Major Capital Improvement (MCI) Purposes" prior to completing Supplement 5.

Major Capital Improvement Forms:

The forms for filing a rent increase for a major capital improvement consists of the "Owner's Application for a Rent Increase Based on Major Capital Improvement (MCI)" and the following supplement forms that are attached to the application:

1. Supplement 1 - Owner and Contractor/Vendor Affirmation
2. Supplement 2 - Required Additional Information for Specific MCIs
3. Supplement 3 - Invoice/Contract - Proof of Payment Worksheet
4. Supplement 4 - MCI Cost Allocation for Commercial Tenants
5. Supplement 5 - Schedule of Tenants
6. Supplement 6 - Coop/Condo Questionnaire

It is advised that you complete all applicable supplement forms attached to the application before entering the requested rent increase on page 1 of the application as information from the supplement forms will be needed to complete the application.

Supporting Documentation:

Copies of additional supporting documentation is required regarding claimed improvements including, but not limited to, cancelled checks, bank statements, contracts, proposals, invoices, approvals from municipal agencies, etc. Please read the applicable supplement forms to determine what additional documentation may be required.

Supporting Documentation: Immediate Hazardous Violations

Property owners are required to comply with local, state and federal regulations regarding maintenance of their properties. When building owners are not in compliance with these regulations, there are local agencies that are responsible for determining building violations. If the violations are immediately hazardous, owners applying for a major capital improvement rent increase with DHCR will not be allowed the increase as long as the violations remain unresolved. The following information, with emphasis on New York City, explains about the supporting documentation to be provided indicating that the violations have been corrected.

New York City

The New York City Department of Housing Preservation and Development (HPD) determines if buildings located in New York City have violations. Building violation information is available on HPD's web site at <http://www1.nyc.gov/site/hpd/index.page>. Owners without

computer access can get building violation information by calling the New York City Citizen Service Center at 311 or (212) 639-9675 (outside New York City) and request the phone number for the NYC Department of Housing Preservation and Development, Division of Code Enforcement borough office. Immediate hazardous violations are designated by HPD as class 'C'. Property owners filing for MCI rent increases for buildings with class 'C' violations on record should submit supporting documentation indicating the **correction** of those violations listed in HPD's database at the time of filing the MCI application with DHCR. The following information explains what supporting documentation is required regarding removal of the violations:

Lead paint violations: A signed affidavit submitted by the owner, managing agent, principal or officer of the corporate owner or a licensed architect or engineer affirming that the process of lead paint removal has begun. This affidavit will allow the MCI application to be docketed and processed. However, **no MCI order** allowing a rent increase will be issued until all lead paint violations are removed from HPD's database.

Other class 'C' violations: A signed affidavit from a licensed architect or engineer attesting that he/she has personally inspected the specific violation and found that the conditions which caused the violations to be placed have been remedied.

Attach one (1) original and one (1) copy of the affidavits respectively to the original and copy of the MCI application and relevant supplement forms.

Counties/municipalities located outside of New York City:

Building violation information may vary depending on the agency. Property owners of buildings that have immediate hazardous violations located in municipalities or counties outside of New York City should check with the agency responsible for determining the violation regarding obtaining documents indicating that violations for their building(s) have been corrected.

Filing the MCI Application, Applicable Supplements and Supporting Documentation

Before filing the MCI application, applicable supplements and supporting documentation, please review the owner checklist on page 2 of the MCI application to ensure that the information requested on all forms is provided.

If applicable, please include an email address on your application so we may contact you if we need to clarify information in your application.

File one (1) original and one (1) copy of the MCI application and applicable supplement forms with attached supporting documentation at the address indicated on page 1 of the instructions.

Requirements for Certain MCIs

The list below is not inclusive of all Major Capital Improvements. The owner is responsible for compliance with all local laws, ordinances, and codes and should submit all required approvals with the application. Approvals listed below are for New York City Buildings. Outside New York City, see your municipal and/or county agencies for required approvals. A failure to include the necessary approvals may result in the application being rejected or denied.

Type of Improvement	REQUIREMENTS
Backflow Device	Must be installed on all water service lines to the property. Installation cost by a plumber, cost of architect/engineer plans and testing costs are allowable. Plumbing approval needed from Department of Buildings.
Bathroom Modernization	Sink, toilet, bathtub/shower & trim (plumbing fixtures) in every apartment; or individual component or fixture if done building-wide.

Type of Improvement	REQUIREMENTS
Boiler/Burner	Oil installation: B-Form 16A needed from Department of Buildings. Gas Installation: Gas signoff needed from Department of Buildings. 2.8 million BTU and over: Certificate to Operate needed from Department of Environmental Protection. Between 350,000 and 2.8M BTU: Registration needed from Department of Environmental Protection. Electrical signoff needed from Department of Buildings. (Not required if only a boiler was installed and was connected to existing wiring).
Chimney-Steel/Brick	Complete replacement emanating from the heating source; OR new chimney where none previously existed.
Courtyards, Driveways & Walkways	Complete removal of previous surface and resurfacing of entire area within property lines of the premises; tenants must have access to the installation. Must provide diagram and square footage of the entire original area resurfaced, and the diagram must identify the property lines, and square footage of any areas not resurfaced. Costs for qualifying work done within the property line must be distinguished from non-qualifying costs done outside the property line (i.e. public sidewalks).
Elevator Upgrading	New service or upgrade service including new controllers & selectors or new electronic dispatch overlay system. Must be accessible and beneficial to ALL tenants. Conversion cost of manual elevator to automatic elevator is not allowed. Elevator application signoff and electrical signoff needed from Department of Buildings.
Fire Escapes	Replacement of all fire escapes and landings.
Flooring:	A complete replacement of new flooring in hallways, including the lobby and/or in all apartments building-wide.
Gas Heating Units	New service or complete replacement of all gas heating units in every apartment and uniformly located. Installation of appropriate connecting pipes. Gas signoff and electrical signoff is needed from the Department of Buildings.
Gas Piping	Installation of a new gas-line in every apartment (for cooking or heating). Gas signoff is needed from the Department of Buildings.
Intercom	New system or replacement of existing service. Must have automatic door lock and push button with audio or telephone communication. Other entrances to the building must be secured. Must install in every apartment.
Kitchen Modernization	New sinks, counter tops & cabinets uniformly installed in every apartment; or individual component or fixture if done building-wide.
Mailboxes	New replacements and relocated from outer vestibule to an area behind locked doors to increase security.
Parapets	Replace all parapets on the entire perimeter of the building. Architectural drawings/plans depicting the planned work, displaying the total linear feet of the subject parapet and the linear feet of the replaced parapet must be included with application.
Parapet Cladding	All sides of the parapet must be cladded.

Type of Improvement	REQUIREMENTS
Pointing & Waterproofing	Must be a comprehensive, building-wide installation, as necessary, on all exposed sides of the building. Must submit a statement from the contractor or architect/engineer who examined all exposed sides of the building before pointing/waterproofing work was performed, which confirms that all pointing and waterproofing was done on all sections of each exterior wall where such work was required. Owner must submit diagrams of each exposed side of the building indicating the specific areas which were pointed and/or waterproofed. The diagrams must provide the square feet of each side as well as the square feet of the areas pointed. Steam cleaning, partial rebuilding & pointing of parapets, partial lintels replacement are allowed if done in conjunction with pointing and waterproofing. Notice of Compliance and landmark permit must be provided for landmark buildings. Waterproofing alone does not qualify as an MCI.
Plumbing/Repiping:	Building-wide installation of hot and/or cold water risers, returns & branches to the fixtures in every apartment AND/OR new hot and/or cold water overhead mains installed in the basement with all necessary valves in the basement. Plumbing signoff needed from Department of Buildings.
Resurfacing Exterior Walls	Resurfacing consisting of brick or masonry facing or replacement of stucco. Resurface all exposed sides of the building except brownstones & similar structures where all exposed sides have not been resurfaced due to the unique nature of the structure.
Rewiring:	New electrical service (capacity). Extension of new copper risers & feeders from the property box to the box in each apartment. Sufficient capacity to accommodate the installation of A/C circuits in living room and/or bedroom in each apartment. All existing outlets are operable. Restoration cost is allowable if done in conjunction with building-wide rewiring. Electrical signoff needed from Department of Buildings.
Roof	Entire roof must be replaced. If the structure has multiple levels containing roofing, every level of roofing must be replaced if the roofing materials are the same as the main roof.
Siding	Installed uniformly on the original areas of all exposed sides of building.
Staircase	Full replacement of interior stairwell from ground floor to top floor.
Structural Steel	Complete replacement wherever necessary of all beams including footing & foundation. The architect or structural engineer must certify in an affidavit that all structural steel which was required to be replaced was replaced, and that the building is structurally sound and will require no further structural steel work for the duration of the useful life.
Television/Security System	TV Security system must be new. MCI application must include contractor statement verifying that the security system monitors all entrances and exits to the building 24 hours a day, 7 days a week, or it is a new security monitoring system with visual capability installed in each apartment and with functioning intercom system.
Waste Compactor	A new waste compactor that services the entire building (entire wing). Application must include a certified statement from a licensed architect or professional engineer stating the existence of a hose bibb, floor drain and operable sprinkler system in the room. If electrical work was performed, the owner must provide approval. Electrical signoff needed from Department of Buildings.

Type of Improvement	REQUIREMENTS
Windows (Apartment):	Must be prime windows. Must be aluminum, vinyl, or wood frame windows. Installed in every apartment or the owner demonstrates that certain windows did not require replacement, (i.e. previously replaced) then a maximum of 20% may be excused. Terrace doors are allowed if done in conjunction with new apartment windows.
Windows (Lot-line/Hallway)	Must be new lot-line and/or hallway windows building-wide or exceptions have been satisfactorily demonstrated to not require replacement. Contractor statement verifying that the windows contain protectives (e.g. wired glass) must be included.