

Office of Rent Administration 2014/15 Annual Review

30th
Anniversary Edition



**Homes and
Community Renewal**

Andrew M. Cuomo, Governor
James S. Rubin, Commissioner/CEO



Office of Rent Administration **30th** 2014/15 Annual Review Anniversary Edition

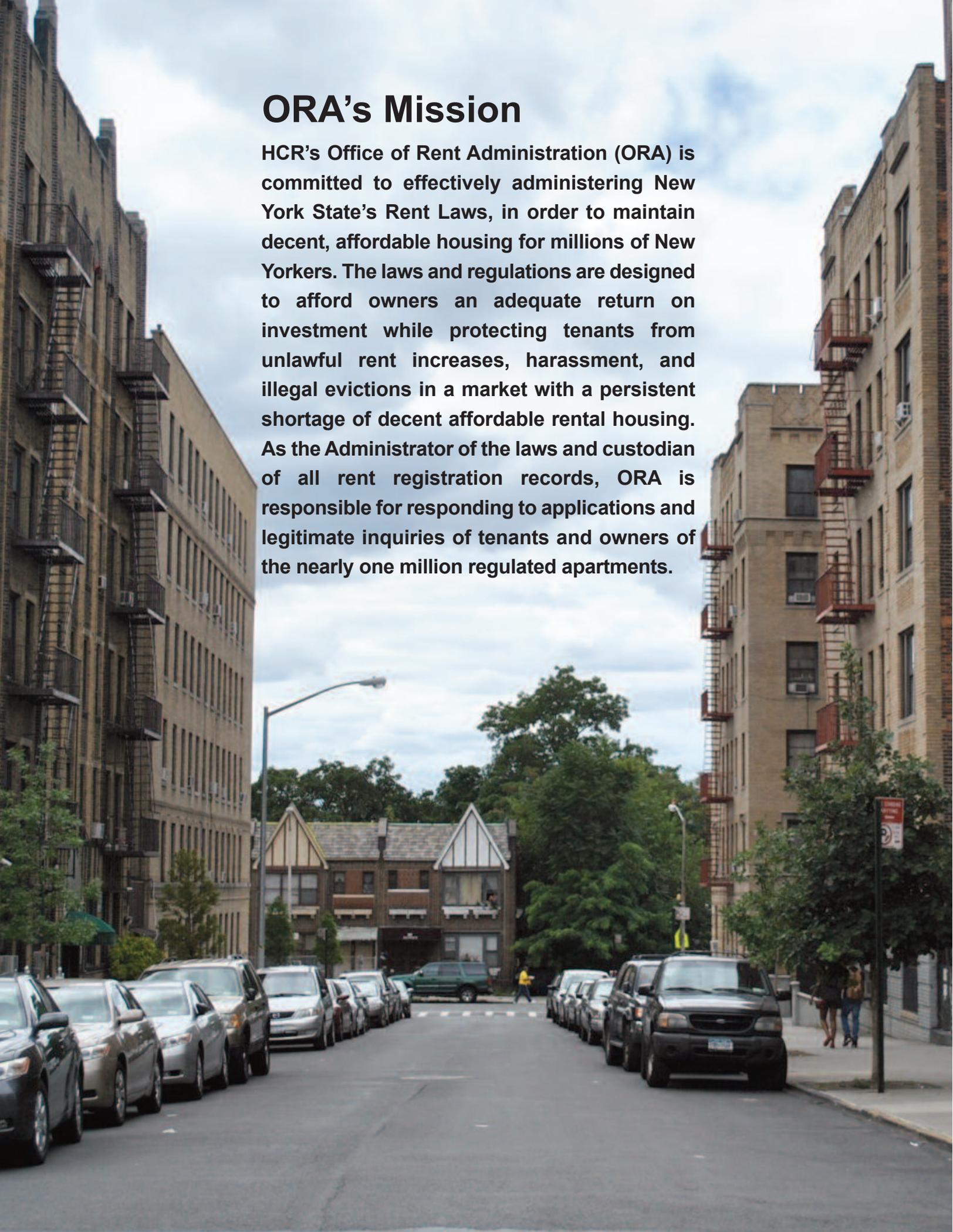
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ORA's Mission

HCR's Office of Rent Administration (ORA) is committed to effectively administering New York State's Rent Laws, in order to maintain decent, affordable housing for millions of New Yorkers. The laws and regulations are designed to afford owners an adequate return on investment while protecting tenants from unlawful rent increases, harassment, and illegal evictions in a market with a persistent shortage of decent affordable rental housing. As the Administrator of the laws and custodian of all rent registration records, ORA is responsible for responding to applications and legitimate inquiries of tenants and owners of the nearly one million regulated apartments.



Letter from the Commissioner/CEO

Dear Friends:

New York State has the longest history of rent regulation in the nation. Since 1943, rent regulation has been an essential component of affordable housing in New York, and in recent years, under Governor Andrew Cuomo's leadership, the Legislature and Governor passed unprecedented legislation to make the rent laws work better than ever before. By balancing the rights of tenants to greater protections with the rights of owners to earn a fair return for providing decent and safe housing, New York's stock of rent regulated apartments is expanding and keeping housing affordable for more than one million New Yorkers.



In 2014 we marked the 30th Anniversary of the Office of Rent Administration (ORA), the unit of New York State Homes and Community Renewal (HCR) that manages New York's rent regulation programs. In 1983, the Omnibus Housing Act transferred administration of New York City's rent regulation programs to New York State and consolidated all rent regulation under the New York State Division of Housing and Community Renewal (DHCR), an agency now under the HCR umbrella. On April 1, 1984, DHCR assumed responsibility for the entire State's rent regulation programs.

I'm proud of the work ORA does to forward its mission. By upgrading communication with owners and tenants and expanding online application access, ORA is making information more easily available for both owners and tenants and keeping rent regulated apartments an important affordable housing option.

This report highlights some recent accomplishments in our efforts to keep rent regulation working and housing affordable, now and for future. I want to thank Deputy Commissioner Woody Pascal and ORA staff for their hard work and dedication.

Thank you for your help in this effort. I hope you find this information interesting and informative.

A handwritten signature in black ink, appearing to read 'James S. Rubin'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

James S. Rubin
HCR Commissioner/CEO

Recent Changes to the Rent Laws

In the past fifteen years there have been several major pieces of legislation enacted in New York State affecting New York's Rent laws. The Rent Act of 2011, which Governor Cuomo championed, focused on tenant protection and provided the greatest expansion and strengthening of Rent laws in 40 years. This will be in effect until June 15, 2015 and includes the following changes:

- Ensures almost 100,000 units stay in the rent regulatory system by raising the deregulation rent threshold from \$2,000 to \$2,500 and raising the income threshold from \$175,000 to \$200,000.
- Limits landlords to collecting only one vacancy increase per year.
- Reduces the rent increase allowed for individual apartment improvements completed in buildings with more than 35 apartments to 1/60th of the cost of the improvement.

Today there are approximately 43,000 buildings and 900,000 units under the rent-stabilization system, and approximately 33,800 units under Rent Control. These rent-regulated apartments are an essential component of affordable housing in New York.

Amendments to the Rent Regulations 2012

The Division of Housing and Community Renewal is required by these laws to amend its regulations to implement such statutory changes in order to carry out its mandated responsibilities. These amendments conform to changes made by the laws of 2011, Chapter 97, Part B and the laws of 2009, Chapter 480 with respect to the amounts of administrative fines, high rent vacancy and high rent/high income deregulation thresholds and the amortization formula with respect to individual apartment improvements for buildings of 35 units or more.

Governor Cuomo Creates the Tenant Protection Unit (TPU) within New York State Homes and Community Renewal

The TPU preserves affordable housing by detecting and curtailing patterns and practices of landlord fraud and harassment through audits, investigations, and impactful legal actions. The TPU also encourages compliance by informing tenants and owners of their rights and responsibilities under the rent regulation laws. Read more about the TPU on page 12.

Rent Code Amendments 2014

DHCR has concluded the formal process required under the New York State Administrative Procedure Act ("SAPA") to amend various regulations in the Rent Stabilization Code, the Tenant Protection Regulations and the State and New York City Rent Control Regulations.

You can see copies of the regulatory changes and updated public information to each set of regulations at www.nyshcr.org/Rent/RentCodeAmendments. Some of the changes are also highlighted in page 14 in the Annual Review.

The publications of these documents or their summaries, where applicable, were posted in the New York State Register on January 8, 2014.



The Rent Act of 2015

The rent laws were extended for four more years through June, 2019. Details will be forthcoming in the weeks ahead in revised fact sheets. Major changes are summarized as follows....

- The rent threshold for high-rent vacancy deregulation and high income high-rent deregulation was raised from \$2500 to \$2700. The threshold will be adjusted January 1, 2016 and annually thereafter by the one year renewal lease guideline percentage increase issued the prior year by the Rent Guidelines Board for the locality.
- The amortization period for calculating major capital improvement rent increases has been modified from 84 months to 96 months for buildings with 35 or fewer units and to 108 months for buildings with more than 35 units.
- Monetary penalties for findings of harassment have been increased.
- If a vacating tenant was paying a preferential rent, the vacancy lease rent increase that can be applied to the vacating tenant's legal rent will be limited to 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.

HCR Executive Staff

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Bureau Chief
Property Management Bureau

Anthony J. Tatano
Deputy Bureau Chief
Property Management Bureau

Bruce Falbo
Bureau Chief
Rent Information Bureau

Michael Berrios
Executive Assistant
to the Deputy Commissioner

Organization

James S. Rubin **HCR Commissioner/CEO**

In May 2015, Governor Andrew M. Cuomo announced the appointment of James (Jamie) Rubin as Commissioner of NYS Homes and Community Renewal (HCR), the agency charged with carrying out the Governor's \$1 billion House NY plan and financing the development and preservation of affordable housing statewide. HCR's portfolio includes issuing billions of dollars in bonds, providing grants, loans and bonding authority to local municipalities, and awarding low income housing tax credits and mortgages for thousands of low- and moderate-income homebuyers. In New York City and adjacent counties, HCR also oversees rent regulation and works on behalf of tenants facing landlord harassment or rent overcharges.



Jamie comes to HCR from the Governor's Office of Storm Recovery (GOSR) where he served as the Executive Director, overseeing and creating programs to disburse \$4.4 billion in disaster recovery funds allocated by the U.S. Department of Housing and Urban Development (HUD). GOSR assists homeowners, small businesses and entire communities in building back from damage caused by Hurricanes Sandy and Irene and Tropical Storm Lee, emphasizing the State's commitment to long-term resiliency and growth. Under his leadership, GOSR has grown to a full-time staff of 135, hundreds of contractors, and offices across the state.

Prior to being tapped to lead GOSR, Jamie was New York Director of the President's Hurricane Sandy Recovery and Rebuilding Task Force and a Senior Advisor to then-HUD Secretary Shaun Donovan.

Jamie was previously a Non-Resident Senior Fellow with the Brookings Institution Metropolitan Policy Program, working with cities including Buffalo and Detroit to identify and implement innovative economic development strategies. Until May 2012, he was a Senior Partner with BC Partners (BCP), a global private equity fund managing over \$17 billion across two funds. He joined BCP in May 2008 to establish the firm's first US office and subsequently built a team and directed over \$1 billion of direct investment in the US. Before BCP, Jamie was a Partner with One Equity Partners, JP Morgan's private equity fund, where he was one of the founding partners in 2001.

Jamie has served as the Chairman of the Board of Common Ground Communities, the country's largest developer and manager of supportive housing for the formerly homeless. In 2008 he co-founded Greater New York in an effort to prevent the economic crisis from destroying New York's most promising community organizations. He holds a law degree from Yale University and an undergraduate degree from Harvard University.

He is a born and raised New Yorker who resides in New York City with his wife and two daughters.

Woody Pascal
Deputy Commissioner
Office of Rent Administration

Woody Pascal is the Deputy Commissioner of HCR's Office of Rent Administration where he oversees the day-to-day operations of the office's four bureaus and ensures effective intra-agency coordination. Mr. Pascal led the office's recent efforts to introduce online services and expand access to applications, and upgrade communications with owners and tenants.



Mr. Pascal joined the Division of Housing & Community Renewal in 2009 as a Special Assistant to the Commissioner. In this position he developed a new web-based data system and cross training opportunities with the Department of Housing Preservation & Development. He also served as Acting unit head for the Office of Fair Housing and Equal Opportunity; monitoring the progress of access to Fair Housing initiatives.

Mr. Pascal's long record of public service includes working in senior staff positions in the New York State Senate, New York State Assembly, and the New York City Council. Mr. Pascal also served as Chief Executive Officer for the NYS Liquor Authority.

Mr. Pascal is a Haitian American and a founding member of the Haitian Roundtable. The Haitian Roundtable (HRT), founded in New York in 2008, is an organization comprised of Haitian-American professionals who are committed to civic engagement as well as philanthropic endeavors benefiting Haiti, Haitian organizations and causes.

Mr. Pascal is a resident of the Bronx, a graduate of the John Jay College of Criminal Justice and is the proud father of a daughter who attends public school.

Office of Rent Administration's Bureaus

The Office of Rent Administration is committed to effectively administering New York State's Rent Laws and maintaining this critical stock of rent stabilized and rent controlled housing.

ORA Case Resolutions 2011-2013



Rent Control/ETPA Bureau

The Rent Control/ETPA Bureau contains the Cyclical Cases Unit, the Owner Individual Unit and the Research and Analysis Unit. The Bureau also services the Nassau, Rockland and Westchester Rent Guidelines Boards and also processes applications for Senior Citizen Rent Increase Exemptions (SCRIE) and Disabled Rent Increase Exemptions (DRIE) in those counties.

The Cyclical Cases Unit processes MBR and Fuel Cost cases as well as challenges to both case types.

Maximum Base Rent (MBR) system

Rent control limits the rent an owner may charge for an apartment and sets restrictions on the ability of owners to evict tenants. Tenants are also entitled to receive essential services. Owners are not required to offer renewal leases, as tenants are considered "statutory" tenants. Tenants may file relevant complaints on a variety of forms created by ORA. ORA is required to serve the complaint on the owner, gather evidence and then issue a written order.

In New York City, rent control operates under the Maximum Base Rent (MBR) system. A MBR is established for each apartment and adjusted every two years to reflect changes in operating costs. Owners, who certify that they are providing essential services and have removed violations (if any) are entitled to raise rents up to 7.5 percent each year until they reach the MBR. Tenants may challenge the proposed increase on the grounds that the building has violations or that the owner's expenses do not warrant an increase.

For the 2014-15 MBR Cycle over 6,000 applications were submitted online.

Online Fuel Cost Adjustment Over 4,100 owners successfully filed online Fuel Cost Adjustment reports in New York City in the 2014 cycle.

The Owner Individual Unit processes rent control overcharge complaints, as well as owner individual filings for rent increases and reconrol cases.

The Research and Analysis Unit provides data to the Nassau, Rockland and Westchester Rent Guidelines Boards and updates the Standard Adjustment Factor, Operation & Maintenance Certification, Fuel Cost Adjustment Factor and Labor Cost Adjustment Factor, as well as operational bulletins.

Rent Information Bureau

The Rent Information Bureau provides direct service to the public through a number of units. It has a centralized telephone Rent InfoLine and answers 10,000 calls monthly with a daily average of 400. The bureau maintains an info email address, five New York City based Borough Rent Offices and a Westchester County District Rent Office that together assist 2,880 walk-in visitors per month. The Westchester office also processes applications for Senior Citizens and Disability Rent increase exemptions, only for the tenants in Westchester and Nassau counties. Staff provides application forms, printed information on owner and tenant rights as well as apartment and building rent registration information responding to over 6,000 requests a year to owners and tenants. Staff also attends com-



Derek Frederick, Director of the Bronx Borough Rent Office, attending a Housing Forum in the Bronx.

munity and legislator sponsored meetings, answering questions and providing general information. Information to callers can be provided in multiple languages through a contracted vendor, Language Line.

The Bureau also contains several other support service units: The Records Access-FOIL/Subpoena Unit provides access to case files, orders and rent registration information, responding to over 6,000 requests a year. The Central Records Unit manages the filing, delivery, scanning and disposal of all case files. The Administrative Services Unit works with agency staff, distributing supplies, managing building repair issues and related financial reporting systems. The Staffing Management Unit works with Albany-based staff to coordinate personnel matters at ORA offices in Queens. The Forms Unit responds to all requests for the creation and modification of all forms and printed material and their placement on the website.

The Bureau Chief is also responsible for the writing and dissemination of Opinion Letters, providing information to other government agencies, coordinating printed material in response to court decisions with the Office of Legal Affairs and for coordinating information and responses to media inquiries with the Public Information Office.

Overcharge and Luxury Decontrol Bureau

The Overcharge Unit processes overcharge, lease renewal, and fair market rent appeal complaints from tenants, and handles cases related to evictions and demolition. The Luxury Decontrol Unit of the bureau processes all luxury decontrol cases.

When processing overcharge complaints, ORA analyzes the registration and documentation of individual apartment improvements, the impact of any services-related rent reductions and restorations, Major Capital Improvement (MCI) increases, the timeliness of lease renewal offerings, the collection of rental increases, and any other relevant events. If there is a finding of willful rent overcharge, ORA may require the owner to pay treble damages to the tenant—up to three times the overcharge amount.

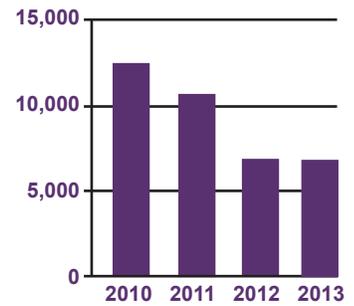
Fair Market Rent Appeals are complaints disputing the amount of rent charged in newly stabilized apartments that were formerly rent controlled. An owner must notify the first rent stabilized tenant of the Initial Regulated Rent, by certified mail. This notification must take place within 90 days from the date the tenant moves into the apartment. The tenant then has 90 days to challenge this rent with ORA, otherwise the Initial Regulated Rent is no longer subject to challenge by the occupying tenant or any subsequent tenant.

The Overcharge Unit also processes substantial rehabilitation applications where the owner alleges that the building was substantially rehabilitated as family units on or after January 1, 1974, as well as applications by owners seeking permission to refuse to renew leases based upon the fact that they plan to demolish the building.

The Bureau also processes Requests for Reconsideration (RFR) of Petitions for Administrative Review (PAR) orders that are issued by all PAR Units in the Office of Rent Administration. In order for the PAR order to be reconsidered, the Unit must find that the order resulted from “an illegality, an irregularity in a vital matter, or fraud.” This permits the agency to correct a significant error or omission without requiring the requestor, tenant or owner, to commence an expensive court action.

The Luxury Decontrol Unit was formed to process all cases derived from the luxury decontrol provisions of the Rent Regulation Reform Act of 1993. This Unit focuses on the single case type that provides for deregulation on the basis of the economic characteristics of the household. If the tenant’s

Number of units leaving rent regulation due to High Rent Vacancy

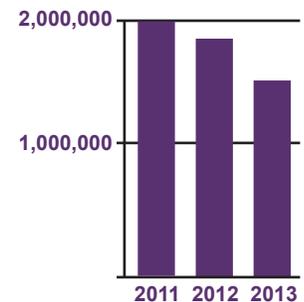


■ Total vacancy decontrol units
This data is statewide.

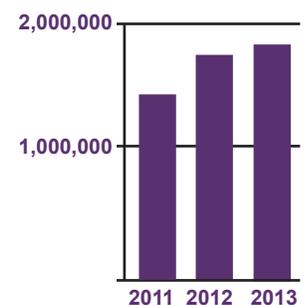
Refer to footnote 1 and 2 on page 20

Overcharge Awards and Treble Damages

Treble Damages



Overcharge Awards



household income is in excess of \$200,000 in each of the preceding two calendar years and the tenant's rent is \$2,500 or more per month, the apartment, upon application of the owner, is subject to deregulation.

Property Management Bureau

The Property Management Bureau processes building-wide owner applications for rent increases based on MCIs, hardship rent increases, tax abatement offsets and owner applications for modification of building-wide services. The bureau also processes tenant applications related to the maintenance of both individual apartment and building-wide services, tenant complaints of harassment and tenant complaints of non-compliance with ORA orders. In addition, the bureau makes administrative determinations where the legal rent or other facts are in dispute, in doubt or unknown. The bureau also oversees the Inspection Unit for ORA.

The MCI Unit processes applications by owners who undertake building-wide MCIs to increase rents by 1/84th of the approved cost. These increases are for the "operation, preservation and maintenance of the building" and must meet all other criteria established for an MCI rent increase. The MCI unit reviews applications for all rent regulated buildings throughout New York State, audits the scope of work and costs of projects, seeks input from the tenants, and issues orders pertaining to eligibility. In addition, tax abatement orders are issued which modify MCI rent increases for tenants in buildings where the owner has taken advantage of J-51 tax abatements. During the past year, ORA reviewed applications related to the investment in capital improvements and modernization of the housing stock in rent regulated buildings, in excess of \$282 million dollars. After review, costs of \$185 million dollars were allowed.

The Multi-Service Unit is responsible for a number of case types: Tenant complaints of service reductions from outside of New York City, cases where the rent or status of an apartment is in controversy, tax abatement offsets which order owners who have received MCI rent increases and J-51 tax abatements to share a portion of the tax abatement with tenants and Administrative Investigations where unannounced inspections result in orders requiring owners to make repairs.

The Services Unit handles tenant applications for rent reductions based upon defective conditions in an individual apartment and/or building-wide. The Services Unit will determine:

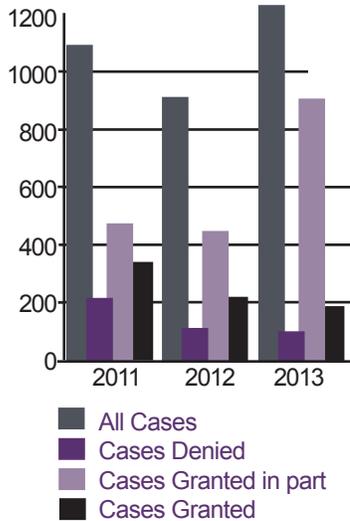
- If the owner is required to provide the service in question
- Whether the service is being adequately maintained

ORA can issue an order reducing the tenant's rent and ordering the owner to restore services if the facts so warrant. Owners may file for a Rent Restoration of a previously reduced rent by demonstrating that the services in question have been restored or are now being adequately maintained. In 2011, ORA reconfigured the services unit to establish a team which deals with the most serious service deficiency complaints on a priority basis. This has resulted in inspections and restoration of services on orders issued within 60 days of the filing of the complaint.

In a continuing effort to improve services, the Property Management Bureau has upgraded and implemented new resources for tenants and owners:

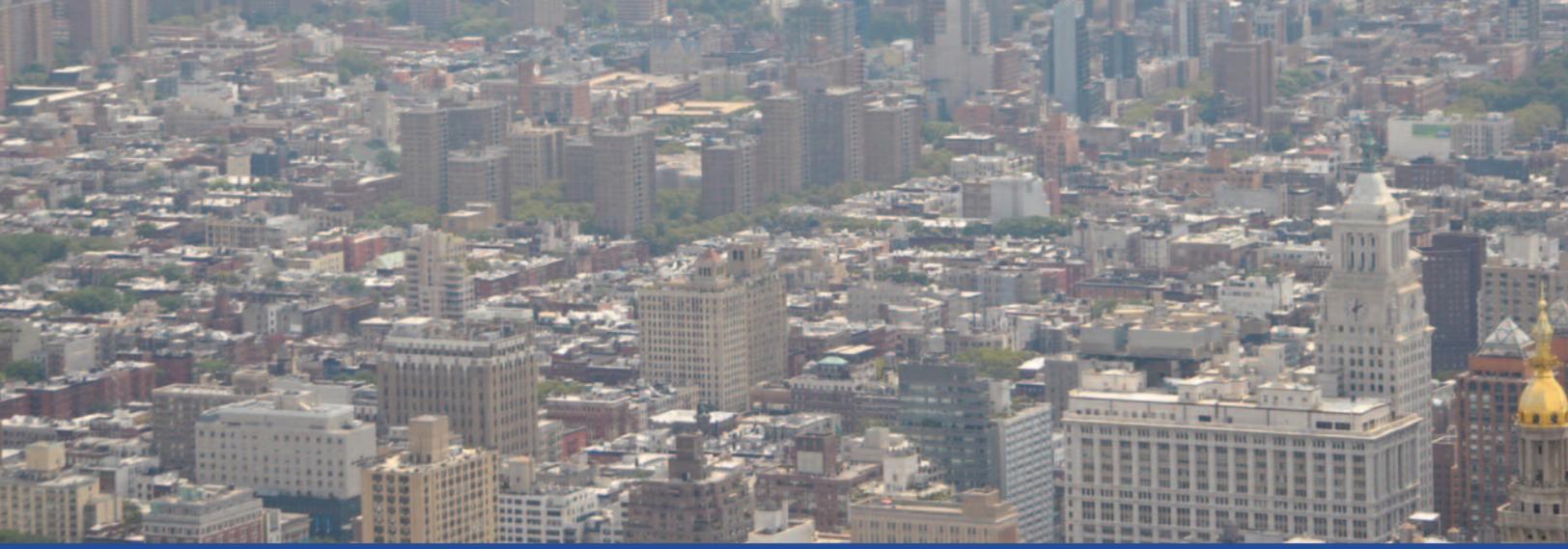
- Tenants may report emergency conditions online and receive a rent reduction if the owner does not quickly make repairs.

Major Capital Improvement Applications filed from 2011-2013



The average MCI rent increases per room for 2012 was \$11.95

The average MCI rent increases per room for 2013 was \$8.71



- Tenants who have to leave their apartments because of fires or vacate orders may file online and obtain an order that reduces the rent to one dollar until the tenant is restored to possession of the unit.
- A new upgrade allows tenants to report many apartment deficiencies online without the hassle of filing paper complaints.
- Owners may file rent restoration applications online when they have made repairs to an apartment.

These new online applications should ease filing for both tenants and owners.

The Compliance Unit has, in the past year, pursued recalcitrant owners who had not made repairs and this resulted in over 40 owners paying fines and making repairs. Many other owners quickly made repairs to avoid the penalties. Other cases were referred to the Enforcement Unit for prosecution and formal hearings. Fines of \$1,000 dollars to over \$2,000 can be levied as a result of a delay in making repairs.

The Enforcement Unit staffed by attorneys, investigates, and if necessary, prosecutes complaints. Where an owner has been found guilty of harassment, civil penalties of \$2,000- \$10,000 may be imposed. HCR is committed to protecting tenants from harassment. If a tenant believes an owner is violating their rights under the rent laws, they may file a complaint of harassment with DHCR.

ORA's Inspections Unit provides support to all case processing bureaus. Under Governor Cuomo's leadership, ORA recently strengthened this unit by requiring inspectors to receive training by New York City Department of Housing Preservation and Development (HPD) to ensure continuity and collaboration between the two agencies in the effort to protect tenants, and coordinating inspectors between boroughs to prevent a back- log of inspections.

Petitions for Administrative Review (PAR)

Each of the processing bureaus has a PAR unit which processes Administrative Appeals. A tenant, owner or other interested party, such as a receiver or prior owner has a right to file a PAR challenging the correctness of any order issued by a Rent Administrator. The petition must specify the alleged errors and list the issues upon which the order should be reviewed. The filing of a PAR must be made within 35 days of the date of the Rent Administrator's order. It is important to note that multiple PARs can be generated from a single administrative determination, such as an MCI, which affects many tenants in a building covered by rent regulation.

The total amount of MCI increase amounts claimed in the past 5 years is \$1,052,944,568





Richard R. White
Deputy Commissioner

Gregory C. Fewer
Bureau Chief

Richard R. White, Deputy Commissioner Tenant Protection Unit

In 2012, Governor Andrew Cuomo appointed Richard R. White to lead the Tenant Protection Unit (TPU), which proactively enforces landlord obligations to tenants and imposes strict penalties for failure to comply with HCR orders and New York's rent laws. Before that, Mr. White was of counsel at the Manhattan law firm of Cyruli Shanks LLP, specializing in corporate compliance and real estate litigation. Previously, he served in other agencies as Deputy Commissioner for Investigation, Trials & Litigation and Deputy Commissioner of Operations. He previously served as a Homicide and Senior Trial Attorney in the Office of Manhattan District Attorney Robert M. Morgenthau. Deputy Commissioner White holds a B.A. in Economics from Franklin & Marshall College, a J.D. from Widener University School of Law, and was an Executive Education Fellow at Harvard University's John F. Kennedy School of Government. His professional associations include the Bar Association of New York City, the National Association of Inspectors General, and the National Black Prosecutors Association.

Commissioner White is admitted to practice law before the courts of New York, New Jersey, the District of Columbia, the United States District Courts of the Southern and Eastern Districts of New York, the United States District Court for the District of New Jersey and before the United States Supreme Court. Commissioner White is married and is a father of two children.

Tenant Protection Unit

In 2011, Governor Cuomo empowered two million rent-regulated tenants by protecting their rights in the biggest overhaul of the rent laws in decades. He also shored up the rent laws in 2012 by creating the first ever Tenant Protection Unit to proactively pursue remedies for tenants who are being harassed, overcharged, or defrauded.

The Tenant Protection Unit examines the patterns and practices of landlords, looking for wrong doing through audits and investigations. The TPU has successfully ended the harassment of tenants; negotiated mandatory monitoring settlements; compensated tenants whose rights were violated and turned the deregulation tide, with far fewer units now leaving the system. Since 2012, TPU has returned over 42,000 apartments to rent regulation that were unlawfully deregulated, the largest recapture by any Governor, netting a savings of 2 billion dollars in state resources that would otherwise be expended to build and or preserve the same number of apartments.

The TPU has collaborated with various City agencies and the New York State Attorney General to form the Tenant Harassment Prevention Task Force - a joint task force to address the deregulation and destruction of rent-regulated apartments in North Brooklyn and other neighborhoods throughout New York City. The task force announced its first arrest and indictment in June, 2015.

This year the TPU also worked with the Brooklyn District Attorney's office to announce of the arrest and indictment of two North Brooklyn landlords who had been systematically abusing their rent-regulated tenants in an effort to drive them out of their homes.

The TPU took proactive measure in 2012, notifying owners who have failed to register their units and requiring them to either re-register or provide an explanation. As a result, close to 42,000 rent-regulated apartments were re-registered and returned to rent-stabilization.

TPU is comprised of Four Units

Audit/Investigatory

Lewis Gray - *Director*

Legal

Vernitta Chambers - *Director*

Forensic Analysis

Harvey Akerman - *Director*

Intergovernmental Affairs

Jeffrey Margolies -

Assistant Commissioner

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



Questions and Answers about Major Capital Improvements

What is a Major Capital Improvement?

When owners make improvements or installations to a building subject to the rent stabilization or rent control laws, they can apply to ORA for approval to raise the rents of the tenants based on the actual, verified cost of improvement or installation. Some examples of MCI items include boilers, windows, electrical rewiring, plumbing and roofs.

To qualify as an MCI, the improvement or installation must:

- be depreciable pursuant to the Internal Revenue Code, other than for ordinary repairs;
- be for the operation, preservation and maintenance of the building;
- directly or indirectly benefit all tenants; and,
- meet the requirements set forth in the useful life schedule contained in the applicable Rent Regulations.

To be eligible for a rent increase, the MCI must be a new installation and not a repair to old equipment. Some procedures qualify as MCIs as well, such as "pointing" a building. All applications for MCI rent adjustments must be filed within two years of the installation.

What types of installations have been recently approved as MCIs?

The following are the top five types of installations approved as MCIs in each borough and ETPA counties (over an 18 month period):

Manhattan	Bronx	Brooklyn	Queens	Staten Island	ETPA Counties
Heating Systems	Pointing (Exterior Restoration)	Heating Systems	Heating Systems	Pointing (Exterior Restoration)	Heating Systems
Pointing (Exterior Restoration)	Heating Systems	Roof	Pointing (Exterior Restoration)	Flooring	Roof
Roof	Doors	Doors	Roof		Pointing (Exterior Restoration)
Doors	Windows	Pointing (Exterior Restoration)	Doors		Flooring
Elevator Upgrade	Roof	Windows	Back Flow Device		Doors



How did the Rent Code Amendments of 2014 affect the processing of Major Capital Improvement and Rent Reduction cases?

- ORA is no longer authorized to grant MCI rent increases for the equipment installed in conversions from master to individual metering (direct or sub-metering).
- ORA will initiate its own search for immediately “hazardous” violations in a building when an MCI application is submitted. If these violations are found, the application will be rejected and can be refiled within 60 days with a related stay on the requirement to file the application within 2 years of the completion of the work.
- An owner cannot collect the portion of an MCI rent increase (permanent or temporary) that is scheduled to become collectible after the effective date of a DHCR Rent Reduction Order. Such portion will become collectible, prospectively only, from the effective date of the DHCR Rent Restoration Order.
- Although not a requirement, ORA recommends that a tenant who experiences a decreased service in an individual apartment or in the building first contact the owner in writing. If written notice does not resolve the problem, the tenant should file a complaint with the DHCR.
- The order reducing rent generally bars further rent increases for rent stabilized tenants until DHCR issues a rent restoration order. The Amendments further prohibit the collection of vacancy lease rent increases and the collection of the portion of a major capital improvement rent increase that becomes collectible after the rent reduction order is issued. They will become collectible, prospectively only, from the effective date of the DHCR Rent Restoration Order.



ORA is Here to Help

*Tenants and owners can visit HCR at nyshcr.org
or call the Rent InfoLine 718-739-6400 for information on:*

Tenants

- Accessing apartment rent history
- Limits on rent increases
- Overcharge refunds for rent stabilized tenants
- Rent reductions for failure to provide services
- Lease renewal options

Owners

- Lawful charges for rent, MCI, air conditioners, and appliances
- Rent registration forms and building-wide rent rolls
- Maintaining services

Additional Resources

NYC Department of Housing Preservation & Development:
<http://home2.nyc.gov/html/hpd/html/home/home.shtml>

NYC Department of Buildings:
<http://www.nyc.gov/html/dob/html/home/home.shtml>

NYC Rent Guidelines Board: <http://www.housingnyc.com>

NYC Department of Finance <http://www.nyc.gov/html/dof/html/home/home.shtml>



Borough and District Rent Offices

The Borough and District Rent Offices provide information and assistance to tenants and owners of rent controlled and rent stabilized apartments in English and through access to translation services in over 100 languages. Tenants can request registered rent histories of their apartment as well as information about cases that may affect their rent. In addition, they can access fact sheets and forms on many topics including rent overcharges, leases, services and security deposits.

Owners can request registered rent rolls for the building, case information and related copies of orders. They can also receive technical assistance in completing rent registration forms and applications pertaining to major capital improvements, rent restoration, and Rent Control-fuel and MBR reports.

Bronx Borough Rent Office

2400 Halsey Street, 1st Floor
Bronx, New York 10461

Buffalo Rent Office

535 Washington Street, Suite 105
Buffalo, New York 14203

Lower Manhattan Borough Rent Office

25 Beaver Street, 5th Floor
New York, New York 10004

Queens Borough Rent Office

Gertz Plaza
92-31 Union Hall Street, 6th Floor
Jamaica, New York 11433

Brooklyn Borough Rent Office

55 Hanson Place, Room 702
Brooklyn, New York 11217

Westchester County Rent Office

75 South Broadway, 2nd Floor
White Plains, New York 10601

Upper Manhattan Borough Rent Office

Adam Clayton Powell, Jr. State Office Building
163 West 125th Street, 5th Floor
New York, New York 10027

Glossary of Terms

421-a Tax Incentive Program: Created in 1970 - Offers tax exemptions to qualifying new multifamily properties containing three or more rental units. Apartments built with 421-a tax exemptions are subject to the provisions of the Rent Stabilization Laws during the exemption period. Thus, 421-a tenants share the same tenancy protections as stabilized tenants and initial rents approved by HPD are then confined to increases established by the Rent Guidelines Board.

Disability Rent Increase Exemption (DRIE) - A program which freezes the rent of a New York City tenant or tenant's spouse who is disabled (defined as receiving either Federal Supplemental Security Income, Federal Social Security Disability Insurance, US Department of Veterans Affairs disability pension or compensation, or Disability-related Medicaid) and living in a rent regulated apartment. To currently qualify for this benefit, a single person household must make no more than \$19,860 per year and a two- or more-person household must make a combined household income no more than \$28,668 per year, as well as paying at least 1/3 of their income toward their rent,

Emergency Tenant Protection Act of 1974 (ETPA) - Chapter 576 Laws of 1974: In Nassau, Rockland and Westchester counties, rent stabilization applies to non-rent controlled apartments in buildings of six or more units built before January 1, 1974 in localities that have declared an emergency and adopted ETPA. In order for rents to be placed under regulation, there has to be a rental vacancy rate of less than 5% for all or any class or classes of rental housing accommodations. Some municipalities limit ETPA to buildings of a specific size, for instance, buildings with 20 or more units. Each municipality declaring an emergency and adopting local legislation pays the cost of administering ETPA (in either Nassau, Rockland or Westchester County). In turn, each municipality can charge the owners of subject housing accommodations a fee (up to \$10 per unit per year).

Fair Market Rent - The fair market rent is the rent charged the first stabilized tenant after the vacancy of a rent controlled tenant, subject to challenge in a Fair Market Rent Appeal.

Fair Market Rent Appeal - A challenge to the first rent stabilized rent after rent control which must be filed within 90 days after the tenant receives the initial apartment registration.

Fuel Cost Adjustment - The New York City Rent Control Law allows separate adjustments based on the changes, up or down, in the price of various types of heating fuels. The adjustment will be based on fuel price changes between the beginning and end of the prior year. Only tenants in rent controlled apartments located in New York City are subject to this fuel cost adjustment. Early rent stabilized New York City Rent Guidelines Board orders also contained supplementary guidelines adjustments denominating fuel cost adjustments.

Guideline Rent Increases - The percentage increase of the Legal Regulated Rent that is allowed when a new or renewal lease is signed. This percentage is determined by the New York City Rent Guidelines Board for renewal leases signed between October 1 of the current year and September 30 of the following year. The percentage increase allowed is dependent on the term of the lease and whether the lease is a renewal or vacancy lease (see 'Vacancy Allowance'). Although in the

past the RGB customarily set increases for vacancy leases, it has not done so since the passage of the Rent Regulation Reform Act of 1997, which established statutory vacancy increases. Sometimes additional factors, such as the amount of the rent, whether or not electricity is included in the rent and the past rental history, have also resulted in varying adjustments.

Harassment - A course of action intended to force a tenant out of his or her apartment or cause a tenant to give up rights granted to the tenant by the Rent Stabilization or Rent Control Laws. No owner, or owner's representative, may interfere with a tenant's privacy, comfort or quiet enjoyment of the tenant's apartment.

Heat and Hot Water - By law owners must provide tenants with heat and hot water.

Housing Maintenance Code - The code, enforced by the New York City Department of Housing Preservation and Development, provides for protection of the health and safety of apartment dwellers by setting standards for the operation, preservation and condition of buildings.

Individual Apartment Improvements (IAI or "1/40th" or "1/60th") - An increase in rent based on increased services, new equipment, or improvements. This increase is a NYS policy and is in addition to the regular annual Rent Guidelines Board increases for rent stabilized apartments and Maximum Base Rent increases for rent controlled apartments. If owners add new services, improvements, or new equipment to an occupied rent regulated apartment, owners of rent regulated units can add 1/40th or 2.5% of the cost of qualifying improvements to the legal rent of those units excluding finance charges (if there are 35 units or less in the building) or 1/60th or 1.67% of the cost of qualifying improvements to the legal rent of those units excluding finance charges (if there are more than 35 units in the building). E.g. (in a building with 35 units or less), (1) if an apartment's legal rent were \$500, and (2) the landlord made \$4,000 of qualifying improvements, then (3) the landlord thereafter could add 1/40th of the cost of those improvements—in this example, \$100—to the apartment's existing legal monthly rent for a resulting new legal rent of \$600. The increase remains permanently in the monthly rent, even after the cost of the improvement is recouped. Owners must get the tenant's written consent to pay the increase and an order from DHCR is not required if the apartment rent is stabilized. If any apartment is vacant, the owner does not have to get written consent of a tenant to make the improvement and pass-on the increase. Prior to September 24, 2011, all IAIs were "1/40th" increases, regardless of the size of the building.

Initial Apartment Registration - Registration that occurs when an apartment first becomes subject to the registration requirements of the rent stabilization law. A copy of the registration form must be served on the tenant.

J-51 Tax Incentive Program - A New York City program under which, in order to encourage development and rehabilitation, property tax abatements and exemptions are granted. In consideration of receiving these tax abatements, and at least for the duration of the abatements, the owner of these buildings agree to place under rent

stabilization those apartments which would not otherwise be subject to rent stabilization. This program provides real estate tax exemptions and abatements to existing residential buildings that are renovated or rehabilitated in ways that conform to the requirements of the statute. It also provides these benefits to residential buildings that were converted from commercial structures.

Legal Rent - The maximum rent level that a landlord is entitled to charge a tenant for a rent regulated unit. The landlord of a rent stabilized unit must annually register that legal rent with DHCR.

Luxury Decontrol - Apartments can become deregulated in one of two ways if the rent is over \$2,500. The first way is if the apartment becomes vacant with such a rent. The second is upon application by the owner, where the tenant(s) in occupancy have an annual income in excess of \$200,000 per year for the two prior calendar years.

Major Capital Improvement (MCI) - An MCI is a building wide improvement which is for the operation, preservation and maintenance of the structure, directly or indirectly benefits all tenants, involves a capital expenditure which is deemed depreciable by the Internal Revenue Service and meets the requirements set forth in the Agency's useful life schedule. To be eligible to collect a rent increase for an MCI, an owner must first apply to HCR and obtain an order granting the rent increase.

Maximum Base Rent (MBR) - A maximum base rent is established for each rent controlled apartment and is updated every two years to reflect changes in operating costs.

Maximum Collectible Rent (MCR) - The rent that rent controlled tenants actually pay is called the Maximum Collectible Rent (MCR). The MCR generally is less than the MBR. By law, the MCR cannot be increased by more than 7.5% per year for each year of the two year MBR cycle unless there are Major Capital Improvements or individual apartment rent increases.

Petition for Administrative Review (PAR) - An administrative appeal, filed by an owner or tenant, against an order issued by the Rent Administrator, which alleges errors in fact or application of the law.

Preferential Rent - A rent charged by an owner to a tenant that is less than the established legal regulated rent. Owners are not necessarily required to base renewal lease increases on the preferential rent.

Registration - Owners are required to register all rent stabilized apartments with DHCR by filing an Annual Apartment Registration Form which lists rents and tenancy information as of April 1st of each year.

Renewal Lease - The lease of a tenant in occupancy renewing the terms of a prior lease entered into between the tenant and owner for an additional term. Tenants in rent stabilized apartments have the right to select a lease renewal for a one- or two-year term. The renewal lease must be on the same terms and conditions as the expiring lease unless a change is necessary to comply with a specific law or regulation or is otherwise authorized by the rent regulations. The owner may charge the tenant a Rent Guidelines Board authorized increase based on the length of the renewal lease term selected by the tenant. The law per-

mits the owner to raise the rent during the lease term if the Rent Guidelines rate was not finalized when the tenant signed the lease renewal offer. In general, the lease and any rent increase may not begin retroactively. Penalties may be imposed when an owner does not timely offer the tenant a renewal lease or timely return to the tenant an executed copy thereof.

Rent Control - The rent regulation program which generally applies to residential buildings constructed before February, 1947 in municipalities for which an end to the postwar rental housing emergency has not been declared. For an apartment to be under rent control, the tenant must generally have been living there continuously since before July 1, 1971 or for less time as a successor to a rent controlled tenant. When a rent controlled apartment becomes vacant, it either becomes rent stabilized or is removed from regulation, generally becoming stabilized if the building has six or more units and if the community has adopted the Emergency Tenant Protection Act. Formerly controlled apartments may have been decontrolled on various other grounds. Rent control limits the rent an owner may charge for an apartment and restricts the right of an owner to evict tenants. It also obligates the owner to provide essential services and equipment. In New York City, rent increases are governed by the MBR system.

Rent Overcharge - A rent overcharge occurs when a tenant pays an amount of rent above the legal rent. Some allowable adjustments to a legal rent occur when a Major Capital Improvement is approved, upon the renewal of a lease, or if an owner adds equipment or services with the tenant's consent.

Rent Reduction - If an owner is not providing all required services, a tenant may file a complaint with ORA seeking to have the services restored. If the Agency determines that the services have not been restored, the Agency will issue a service reduction order which may relate to an individual apartment or may be building-wide. In rent stabilized apartments the rent will be reduced by an amount equal to the most recent rent guideline increase. In rent controlled apartments, the rent is reduced by a specific dollar amount based on the nature of the condition or decrease in service.

Rent Restoration - This is an application filed by the owner to restore rents that were reduced by a rent reduction order. It is filed after the services have been restored. If granted, the effective date in rent stabilization is based on the date of the owner's application; for rent controlled apartments, the effective date is prospective only from the first day of the month after the issuance of the order.

Senior Citizen Rent Increase Exemption (SCRIE) - If a New York City tenant or tenant's spouse is 62 years of age or over (living in a rent regulated apartment), and the combined household income is currently \$29,000 per year or less and they are paying at least 1/3 of their income toward their rent, the tenant may apply for the Senior Citizen Rent Increase Exemption (SCRIE). In New York City, the Department of Finance (DOF) administers the SCRIE program. Outside of New York City, Senior Citizen Rent Increase Exemption is a local option, and communities have different income eligibility limits and regulations. If a New York City tenant qualifies for this program, the tenant is exempt from future rent guidelines increases, Maximum Base Rent increases, fuel cost adjustments, MCI increases, and increases

based on the owner's economic hardship. New York City senior citizen tenants may also carry this exemption from one apartment to another upon moving, upon the proper application being made to the Department of Finance.

Service - Both the Rent Control and Rent Stabilization Laws require that the owner continue to provide all services provided on the base date, (generally the date the apartment became subject to regulations), as well as any services which are required by law.

Sublet Apartment - Rent stabilized apartments are rented pursuant to a lease between an owner and a tenant. Under certain circumstances, a tenant may enter into a sublease with a new tenant (called the subtenant) for the rental of the apartment. The owner has the right to charge the prime tenant a sublet allowance during the period of sublet if the sublet occurs during a renewal lease term. The prime tenant (tenant who holds the lease with the owner) may pass this allowance onto the subtenant. The prime tenant may also charge the subtenant an additional 10% for the use of furniture. An apartment which is sublet continues to be under the jurisdiction of the rent stabilization law. The subtenant is protected from overcharges by the prime tenant and may file an overcharge complaint against the prime tenant if he or she feels a rent in excess of a legal rent is being collected. Generally the subtenant may not file such a complaint against the owner.

Substantial Rehabilitation - A major reconstruction of the building, taking place after January 1, 1974, wherein at least 75% of the building-wide and apartment systems have been completely replaced with new systems. Upon completion of such work an apartment is no longer subject to regulation and market rents can be charged.

Succession - The ability of a tenant to "pass on" their regulated apartment to certain immediate family members. The family member may have the right to succeed to the tenancy provided the family member's primary residence has been with the tenant for two years or since the inception of the relationship.

Treble Damages - Treble damages refers to a penalty of three times the dollar amount of an overcharge that is payable to the tenant. This penalty, imposed by an order of HCR, is assessed against an owner when he or she willfully collects any rent in excess of the legal regulated rent.

Vacancy Lease - When a person rents a rent stabilized apartment for the first time, or, when a new name (not the spouse or domestic partner) is added to an existing lease, this is a vacancy lease. This written lease is a contract between the owner and the tenant which includes the terms and conditions of the lease, the length of the lease and the rights and responsibilities of the tenant and the owner. The Rent Stabilization Law gives the new tenant (also called the vacancy tenant) the choice of a one- or two-year lease term. The rent the owner can charge may not be more than the last legal regulated rent plus all increases authorized by the Rent Stabilization Code, including increases for improvements to the vacant apartment.

Footnote 1

Please note that the figures provided for high rent vacancy do not reflect the Roberts v. Tishman Speyer Properties decision, as that ruling may reduce the actual number of apartments that were deregulated.

Footnote 2

Registration is a snapshot of the status of a apartment as of April 1st of that year. The criteria for each year is the "received date" of March 31st which is the end of that particular fiscal year (for example the 2010 Registration year includes data that was received by March 31, 2011 and the 2011 Registration year includes data that was received by March 31, 2012).





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