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Frequently Asked Questions Tenant Rights and MCIs (Major Capital Improvements)

Q - What is an MCI (Major Capital Improvement)?

A - MCI is a term used to describe a new installation of a system that benefits all of the tenants in a building such as a roof, boiler, windows, plumbing or electric rewiring.

Q - Can the owner raise the rent for an MCI without DHCR's approval?

A - No. The owner must submit an application to DHCR and it must be thoroughly reviewed. DHCR must issue a written order to the tenants and the owner granting or denying the application and the order states the amount of the rent increase.

Q - What rights do tenants have to review the application?

A - A thorough summary of the application is served on the tenants by DHCR. If the owner places a copy with all supporting documents at the building, the tenants can review it on site. In all situations, tenants also have the right to review the copy that is in the possession of the DHCR and can do so by filing a Records Access form.

Q - Can tenants get an extension of time to respond to the application?

A - Yes. They must submit the request in writing to the case file.

Q - What tenant responses will DHCR consider?

A - DHCR will review all tenant responses. Tenants can challenge the approval of the application for a number of reasons such as: defects in the installation of the new equipment, improper cost documentation, complaints of harassment by the owner, outstanding violations of record, lack of registration filings, the issuance of DHCR rent reduction orders, failure to meet useful life requirements for the item being replaced.

Q - Does DHCR grant the application for the dollar amount rent increase being sought by the owner?

A - DHCR may issue an order that either denies, grants in full or grants the application in part as DHCR may find that certain claimed costs are not properly documented and must be disallowed.

Q - Do tenants have the right to appeal the granting of the application?

A - Yes. Tenants can file an appeal within 35 days of the date of the issuance of the DHCR order that granted the application on the DHCR PAR form.

Q - Does the filing of the appeal stop the owner from collecting the rent increase?

A - The owner is entitled by law to collect the prospective/permanent rent increase. However, the owner cannot collect the retroactive/temporary rent increase until the appeal is decided.

Q - How much of a rent increase can be collected?

A - For rent stabilized tenants in New York City, if the rent increase in the order exceeds 6% of the tenants rent, the increase is limited in the first year to 6% and additional increments can be added on in subsequent years, again, not in an amount that exceeds 6% of the rent. For rent stabilized tenants outside of New York City and all Rent Controlled tenants, the collection of the increase cannot exceed 15% of the tenants rent, in any given year.

Q - How do I know if the owner's calculations of the rent increase are correct?

A - These calculations vary in every situation based on the rents and the amount of the rent increases. Please see the examples developed by DHCR in Fact Sheet #24, which will be of assistance to you.

Q - Why do I have to pay the MCI increase when my rent is already set in my lease?

A - The DHCR issued standard lease renewal form contains language that states "The rent, separate charges and total payment provided for in this renewal lease may be increased or decreased by order or annual updates of the DHCR or Rent Guidelines Board." Protections for vacancy lease tenants are detailed in Fact Sheet #24.

Q - Do tenants who are currently receiving SCRIE (Senior Citizen Rent Increase Exemption) or DRIE (Disability Rent Increase Exemption) benefits have to pay the MCI rent increase?

A - They should send a copy of the MCI order to the agency (In NYC- the Department of Finance) that issued the rent exemption certificate so that it can be amended to cover the amount of the MCI rent increase.

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