

FACT SHEET



Andrew M. Cuomo, Governor

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DIVISION OF HOUSING AND COMMUNITY RENEWAL
OFFICE OF RENT ADMINISTRATION

#26 Guide to Rent Increases for Rent Stabilized Apartments in New York City

A rent stabilized tenant may request from the New York State Division of Housing and Community Renewal (DHCR) a printout of the rent registration information on file for the tenant's apartment. The rent registration printout will show the rents the building owner registered with the DHCR for the tenant's apartment for the last four years. The printout and this guide will assist the tenant in reviewing the rental history of his or her apartment. The rent registration printout may be obtained by visiting a DHCR Borough Rent Office and by providing the necessary proof of identity.

DHCR recommends that if a tenant has reason to believe that the rent charged exceeds the lawful rent, he or she should discuss this with the building's owner or managing agent before filing an overcharge complaint. If the tenant is unable to resolve the problem with the owner, he or she may file an overcharge complaint with the DHCR. An overcharge complaint form may be obtained either from the agency's website at www.nyshcr.org, by calling the DHCR's Rent Infoline at (718)739-6400, or by visiting a Borough Rent Office (listed on last page of this fact sheet).

A tenant's complaint must be filed with the DHCR within four years of the first overcharge alleged. A tenant who fails to comply with this time limit for filing an overcharge complaint will be unable to challenge the lawfulness of the rent.

Four common ways owners may adjust rents are the following:

1. Vacancy Lease Rent Increases

When a person rents a rent stabilized apartment for the first time, the owner and the tenant sign a **vacancy lease**.

- The new tenant (also called the vacancy tenant) must be given the choice of a one- or two-year lease term. Generally, the rent the owner may charge for a vacancy lease cannot exceed the last legal regulated rent plus the applicable vacancy increases. Pursuant to the Rent Act of 2011, effective June 24, 2011, owners can charge and collect no more than one (1) vacancy increase in a calendar year (January 1st through December 31st). The rent may also be increased for lawful Individual Apartment Improvements and/or Major Capital Improvements.
- With the lease, a tenant should receive a Rent Stabilization Lease Rights Rider that states how the rent was computed and asserts that any increases are lawful.

For Vacancy Leases Starting Between	--Term of Lease--	
	1 Year	2 Year
10/1/07- 9/30/08	17.25%	20%
10/1/08 - 9/30/09	16.00%	20%
10/1/09 - 9/30/10 ¹	17.00%	20%
10/1/09 - 9/30/10 ²	17.50%	20%
10/1/10 - 9/30/11	17.75%	20%
10/1/11 - 9/30/12	16.50%	20%

Other Lawful Vacancy Increases

- If the owner did not collect a permanent vacancy increase within eight years of the new vacancy lease then, in addition to the percentage increase set forth above, the owner is also entitled to collect a further vacancy increase equal to 0.6 percent multiplied by the number of years since the collection of the last permanent increase.
- If the previous legal rent was less than \$300.00 per month then, in addition to such vacancy increases set forth above, the owner is also entitled to collect a further increase of \$100.00 per month.
- If the previous legal rent was between \$300.00 per month and \$500.00 per month, the owner is entitled to collect a vacancy increase equal to the greater of the combined vacancy increases described above or \$100.00 per month.
- If the owner makes improvements to the apartment while the apartment is vacant, the owner is also entitled to collect a rent increase equal to either 1/40th or 1/60th of the cost of the improvement. (See page 5 for details). This increase, known as an Individual Apartment Improvement Increase (IAI) is added to the rent after the vacancy increases described above, are applied.

Example

The following example illustrates the application of some of the above rules. Tenant A paid a vacancy increase upon moving in, lived in the apartment for ten years and most recently paid a legal rent of \$510.00 per month. Tenant B moves into the apartment pursuant to a two-year vacancy lease that starts on November 1, 2010. The owner is allowed to collect a vacancy rent from Tenant B of \$642.60 per month, calculated as follows:

$$\$510 \text{ (previous legal regulated rent)} + \$102.00 (\$510 \times 20\%) + \$30.60 (\$510 \times .6\% \times 10 \text{ years}) = \$642.60$$

¹ Heat is provided by owner at **no charge** to the tenant.

² Tenant pays for their own heat.

2a. Recent Renewal Lease Rates set by the New York City Rent Guidelines Board.

When a tenant signs a renewal lease, the rent adjustment for the renewal lease will only be the adjustment for a one or two-year lease.

For Renewal Leases Starting Between	-- Term of Lease --			
	1 Year		2 Year	
	Heat provided by Owner	Heat paid for by Tenant	Heat provided by Owner	Heat paid for by Tenant
10/1/07 - 9/30/08	3.0%	3.0%	5.75%	5.75%
10/1/08 - 9/30/09 VACANCY LEASE LESS THAN 6 YEARS OLD	4.5%	4.0%	8.5%	8.0%
10/1/08 - 9/30/09 VACANCY LEASE 6 YEARS OR OLDER	GREATER OF 4.5% or \$45	GREATER OF 4.0% or \$40	GREATER OF 8.5% or \$85	GREATER OF 8.0% or \$80
10/1/09 - 9/30/10 VACANCY LEASE LESS THAN 6 YEARS OLD	3.0%	2.5%	6.0%	5.0%
10/1/09 - 9/30/10 VACANCY LEASE 6 YEARS OR OLDER	GREATER OF 3.0% or \$30	GREATER OF 2.5% or \$25	GREATER OF 6.0% or \$60	GREATER OF 5.0% or \$50
10/1/10 - 9/30/11	2.25%	2.25%	4.5%	4.5%
10/1/11 - 9/30/12	3.75%	3.75%	7.25%	7.25%

Example of how to compute the renewal rent for a lease set to expire on or after September 30, 2010:

Rent as of September 30, 2010 = \$700

Tenant A has resided in the subject apartment for seven years, and chooses a two-year renewal lease term that commences 10/1/10. The owner is allowed to charge up to \$731.50 per month, calculated as follows:

$\$700$ (previous legal regulated rent) + $\$31.50$ ($\$700 \times 4.5\%$) = $\$731.50$

2b. Garage Renewal Leases

Any fixed dollar amounts cited above **DO NOT** apply to renewal leases for garage or parking spaces for which rent stabilized tenants are charged separately. Under those circumstances, rent increases are limited to the applicable percentages provided for that Guideline period.

3. Major Capital Improvement ("MCI") rent increases approved by the DHCR.

Where an owner makes a building-wide improvement, such as the installation of a new boiler, the owner may be entitled to charge each rent stabilized tenant in the building a rent increase based on an MCI. The MCI increase cannot be charged until a DHCR order is issued authorizing the charge and setting the amount. The MCI increase is allocated on a per room basis, and becomes a permanent part of the legal regulated rent for the purpose of applying future rent increases. The DHCR computes the rent increase based upon a seven-year period of amortization of the verifiable costs of the MCI. There is a 6 percent cap on the amount of the increase that may be collected each year. (See **Fact Sheet #24**, "Major Capital Improvements (MCI)", for additional information.)

If an apartment is vacant or becomes vacant while an application to the DHCR for a MCI rent increase is pending, the owner must notify any incoming tenant of the basis for the previously filed application, and that the rent will be increased if the MCI application is approved. Failure to include this notice of anticipated rent increase in vacancy leases will result in no MCI increase being approved for this apartment during the term of the vacancy lease. An owner who charges such increases without this notification will be subject to overcharge penalties.

An example of a satisfactory MCI notification clause in a vacancy lease is the following: "An application for a major capital improvement rent increase has been filed under Docket No. _____ with DHCR based upon the following work _____. Should DHCR issue an order granting the rent increase, the rent provided for in this lease will be increased accordingly."

4. Individual Apartment Improvement ("IAI") rent increase.

Where an owner installs a new appliance in or makes an improvement to an apartment, the owner can raise the rent by 1/40th or 1/60th of the costs. In an occupied apartment, the owner must first obtain the written consent of the tenant to the increase, in order to charge and collect it. In a vacant apartment, tenant consent is not required.

Pursuant to the Rent Act of 2011, effective September 24, 2011, in buildings that contain more than 35 apartments, the owner can collect a permanent rent increase equal to 1/60th of the cost of the Individual Apartment Improvement (IAI). In buildings that contain 35 apartments or less, the owner can collect a permanent rent increase equal to 1/40th of the cost of the IAI, as had previously been allowed.

For example, if a new dishwasher is installed in a vacant apartment, in a 100 unit building, and the cost is \$900, the rent can be increased by \$15 (1/60th of \$900). The same installation in a 20 unit building would result in a \$22.50 rent increase (1/40th of \$900). The increase, if taking place on a vacancy, is added to the legal rent after the application of the statutory vacancy increase, not before. (See Fact Sheet # 12 for additional information).

Security Deposit

The amount of a security deposit that an owner may collect is generally limited to one month's rent. However, if the tenant originally paid a greater security deposit when the apartment first came under rent stabilization, and has been in continuous occupancy since that date, such deposit may continue in effect until the tenant reaches the age of 65, or receives Social Security disability retirement benefits or SSI benefits. The next rent stabilized tenant to occupy the apartment, however, cannot be required to deposit more than one month's rent as security.

When a lease is renewed at a higher rent, or the rent is lawfully increased during the term of the lease, the owner may collect additional money from the tenant to bring the security deposit up to the new monthly rent. If after the tenant vacates the apartment, he or she disagrees with the owner over the payment of interest or the return of the security deposit, and such disagreement cannot be resolved between them, the tenant may contact the Consumer Frauds and Protection Bureau of the New York State Attorney General's Office or begin a proceeding in a court of competent jurisdiction (usually, Small Claims Court).

Sources:

New York City Rent Stabilization Code Sections 2522.4 (a)

New York City Rent Stabilization Code Sections 2522.8 (a)

New York City Rent Stabilization Code Sections 2525.4

Related Material:

Fact Sheet #12, Rent Adjustments for New Services, New Equipment or Improvements to an Apartment
Fact Sheet #24, Major Capital Improvements (MCI) Questions and Answers

For more information or assistance, call the DHCR Rent Infoline, or visit your Borough or County Rent Office.

Queens

92-31 Union Hall Street
6th Floor
Jamaica, NY 11433

Lower Manhattan

25 Beaver Street
5th Floor
New York, NY 10004

Brooklyn

55 Hanson Place
7th Floor
Brooklyn, NY 11217

Bronx

2400 Halsey Street
Bronx, NY 10461

Upper Manhattan

163 West 125th Street
5th Floor
New York, NY 10027