



Guide to Rent Increases for Rent Stabilized Apartments

5 PAGES

AT A GLANCE

This Fact Sheet can be used along with a rent registration history of an apartment to assist in determining if the apartment's registration status and rent are lawful.

DEFINITIONS

Housing Stability and Tenant Protection Act (HSTPA) of 2019:

The act, which went into effect on June 14, 2019, made changes to how rents can be raised and changed formulas for vacancy leases, Major Capital Improvements (MCI) and Individual Apartment Improvements (IAI).

Individual Apartment

Improvements (IAIs): When an owner installs a new appliance or makes an improvement to an apartment, the owner may be entitled to an IAI rent increase.

Major Capital Improvements

(MCIs): Building-wide improvements such as boilers, windows and roofs.

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

SUMMARY AND HIGHLIGHTS

The Housing Stability and Tenant Protection Act (HSTPA) of 2019 made changes to how rents can be raised and changed formulas for vacancy leases, MCIs, and IAIs. MCI and IAI rent increases are now temporary, and the amount that can be collected for IAIs is limited.

<p>Options</p>	<ul style="list-style-type: none"> • Vacancy leases: HSTPA eliminated the statutory vacancy rate and does not permit Rent Guidelines Boards to establish a separate vacancy rate. However, the owner may add a one or two-year lease guideline rate that has been approved by a Rent Guidelines Board to a vacancy lease rent calculation, if authorized by the Board. The owner can't add more than one of these guideline adjustments within the same year. • Renewal leases: When a tenant signs a renewal lease, they can choose between a one or two-year option and the allowable increase is set by the local rent guidelines board. • Improvements: Lawful rent increases for IAIs and/or MCIs may be factored into rent increases.
<p>Limitations</p>	<ul style="list-style-type: none"> • Under HSTPA, there are limitations on future MCI increases, such as: an annual 2% rent increase cap, only reasonable costs are recoverable, and MCI rent increases are prohibited in buildings that contain 35% or fewer rent-regulated apartments. • In buildings with 35 units or less, owners can increase the rent for an IAI up to 1/168th of the cost of the improvement. • In buildings with more than 35 units, owners can increase the rent for an IAI up to 1/180th of the cost of the improvement. • Owners may collect no more than three IAI increases within a 15-year period, and the total cost of the improvements eligible for a rent increase calculation cannot exceed \$15,000. • The written consent provided by the tenant in occupancy for an IAI rent increase must be on a DHCR form.

FACT SHEET #26: IN DETAIL

Introduction

This fact sheet will be updated annually to reflect the new lease guideline rates. It can be reviewed along with a rent registration history of an apartment to assist in determining if the apartment's registration status and the rent being charged are lawful. The apartment rent registration history and a rent overcharge complaint form can be requested online at www.hcr.ny.gov or at a Borough Rent Office.

The Housing Stability and Tenant Protection Act (HSTPA) of 2019, which went into effect on June 14, 2019, made changes to how rents can be raised and changed formulas for vacancy leases, Major Capital Improvements (MCI) and Individual Apartment Improvements (IAI). MCI and IAI rent increases are now temporary and the amount that can be collected for IAIs is limited. HSTPA eliminates High Rent Vacancy and High Rent High Income Deregulation and makes preferential rents the basis for collection for the duration of the tenancy. It also extends the rent overcharge review time period from four to up to six years for complaints filed on or after the passage of HSTPA.

Prior to HSTPA, apartments could be deregulated if rents reached certain annually adjusted deregulation levels (based upon a vacancy occurring or household income levels). Once an apartment was deregulated owners could charge market rents and the tenant would no longer be protected by rent stabilization. In addition, an owner could, upon lease renewal, raise a tenant's preferential rent to the legal regulated rent. In general, when processing a complaint of rent overcharge, DHCR was previously limited to examining the prior four years of rent history and penalties could only be assessed for up to four years.

Vacancy Lease

HSTPA eliminated the statutory vacancy rate and does not permit Rent Guidelines Boards to establish a separate vacancy rate.

However, if authorized by the board, a one or two-year lease guideline may be applied and added to the previous tenant's legal rent. This guideline is subject to the limitation that no more than one guideline adjustment can be added in one guideline year. For the guideline year of October 1, 2019 through September 30, 2020, the Nassau County Rent Guidelines Board has given this authorization. For the guideline year of October 1, 2020 through September 30, 2021, the New York City Rent Guidelines Board has given this authorization. Lawful temporary increases for Major Capital Improvements (MCI) and Individual Apartment Improvements (IAI) may also be added to the rent.

A DHCR Rent Stabilization Lease Rider/Addenda is to be attached to the lease and it should contain information on how the rent was calculated and on any related Individual Apartment Improvements.

Renewal Lease

When a tenant signs a renewal lease, they can choose between a one or two-year option and the allowable increase is set by the local rent guidelines board. (See the Recent Lease Guideline Rates chart.)

Effective June 14, 2019 owners who are collecting a preferential rent, upon renewal of the lease, can increase the legal and preferential rents by the lawful rate increases but only collect an increase based on the preferential rent. The higher legal regulated rent and related increases can only be collected when the apartment is vacated and rented to a subsequent tenant. See Fact Sheet #40 for more details.

Individual Apartment Improvements (IAI)

When an owner installs a new appliance or makes an improvement to an apartment the owner may be entitled to an IAI rent increase. Tenant written consent for the improvement and rent increase is only required if the apartment is occupied by a tenant at the time of the improvement.

Written consent is not required for a vacant apartment.

In buildings with 35 units or less, the amount the rent can be increased for an IAI is limited to 1/168th of the cost of the improvement. In buildings with more than 35 units, the amount the rent can be increased for an IAI is limited to 1/180th of the cost of the improvement.

No more than three IAI increases can be collected in a 15-year period and the total cost of the improvements eligible for a rent increase calculation cannot exceed \$15,000. Work must be done by a licensed contractor and there is a prohibition on common ownership between the contractor and the owner. The apartment must be free and clear of any outstanding hazardous and immediately hazardous violations. The written consent provided by the tenant in occupancy must be on a DHCR form. A translated version in the top 6 languages spoken other than English will be made available for review on DHCR's website. Owners are required to maintain supporting documentation and photographs for all IAI installations, which commencing June 14, 2020 will be submitted to and stored by DHCR in an electronic format. The IAI rent increase for improvements collected after June 14, 2019 is temporary and must be removed from the rent in 30 years, and the legal rent must be adjusted at that time for guideline increases that were previously compounded on a rent that included the IAI.

The DHCR Lease Rider included with a vacancy lease must notify the tenant of the right to request from the owner by certified mail Individual Apartment Improvements (IAIs) supporting documentation at the time the lease is offered or within 60 days of the execution of the lease. The owner shall provide such documentation within 30 days of that request in person or by certified mail. A tenant who is not provided with that documentation upon demand may file form RA-90 "Tenant's Complaint of Owner's Failure to Renew Lease and/or Failure to Furnish a copy of a Signed Lease" to receive a DHCR Order that directs the furnishing of the IAI supporting documentation.

IAI rent increases cannot be collected if a DHCR order reducing rent for decreased services is in effect and has an earlier effective date. It can be collected prospectively on the effective date of a DHCR order restoring the rent.

Major Capital Improvements (MCI)

An owner is permitted rent increases to recover the costs of building-wide major capital improvements, such as the replacement of a boiler or new plumbing. The owner must file an application with DHCR and DHCR may issue an order denying the increase or granting an increase in part or in whole. After review of an MCI application DHCR will issue an order and serve it on the owner and all tenants in the building.

Under HSTPA, there are limitations on future MCI increases, such as: only reasonable costs are recoverable, and MCI rent increases are prohibited in buildings that contain 35% or fewer rent regulated apartments. The rent increase approved by the DHCR order is collectible prospectively, on the first day of the first month 60 days after issuance. There are no retroactive rent increases. The collection of the increase is limited to a 2% cap/yearly phase-in. The 2% cap also applies to MCI rent increases not yet collected that were approved on or after June 14, 2012. The first renewal lease effective after June 14, 2019 must reflect no more than a 2% increase. Upon vacancy, the remaining balance of the increase can be added to the legal rent. In buildings with 35 or fewer units, the cost of the MCI is amortized over a 12-year period. In buildings with more than 35 units, the cost of the MCI is amortized over 12 ½ years. The building must be free and clear of any outstanding hazardous and immediately hazardous violations. The MCI rent increase is temporary and it must be removed from the rent in 30 years and the legal rent must be adjusted at that time for guideline increases that were previously compounded on a rent that included the MCI rent increase. Vacancy lease tenants are to be notified in their lease about pending MCI applications.

RECENT LEASE GUIDELINE RATES

- Prior to the effective date of the Housing Stability and Tenant Protection Act (HSTPA) of 2019, June 14, 2019, these guidelines applied only to lease renewals.
- After June 14, 2019, if authorized by the Rent Guidelines Board, the guideline rates may apply to vacancy (initial) leases.

EFFECTIVE DATE OF RENEWAL LEASE	NYC		Nassau		Rockland		Westchester		Westchester (tenant pays either heat or hot water)	
	1 year	2 year	1 year	2 year	1 year	2 year	1 year	2 year	1 year	2 year
10/1/13-9/30/14	4.00%	7.75%	1.00%	1.50%	2.00%	3.50%	Greater of 3.00% OR \$15.00	Greater of 4.00% OR \$20.00	Greater of 2.40% OR \$12.00	Greater of 3.20% OR \$16.00
10/1/14-9/30/15	1.00%	2.75%	1.00%	1.50%	1.00%	4.00%	1.50%	2.50%	1.20%	2.00%
10/1/15-9/30/16	0.00%	2.00%	1.25%	1.75%	1.25% + \$25.00 for rents \$950.00 or less	1.50% + \$25.00 for rents \$950.00 or less	1.75%	2.75%	1.40%	2.20%
10/1/16-9/30/17	0.00%	2.00%	0.50%	1.00%	0.00%	0.00%	0.00%	0.50%	0.00%	0.40%
10/1/17-9/30/18	1.25%	2.00%	0.00%	0.00%	0.00%	0.50%	1.00%	1.50%	0.80%	1.20%
10/1/18-6/13/19	1.50%	2.50%	1.00%	2.00%	0.00%	0.00%	2.00%	3.00%	1.60%	2.40%
							0.00% ¹	1.00% ¹	0.00% ¹	0.80% ¹
6/14/19-9/30/19	1.50%	2.50%	1.00%	2.00%	0.00%	0.00%	2.00%	3.00%	1.60%	2.40%
							0.00% ¹	1.00% ¹	0.00% ¹	0.80% ¹
10/1/19-9/30/20	1.50%	2.50%	1.50%	2.50%	0.00%	0.00%	1.75%	2.75%	1.75%	2.75%
10/1/20-9/30/21	0.00%	0.00% ² 1.00% ²	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

¹ These increases apply only to the Village of Ossining within Westchester County.

² 0% for the first year of the lease and 1% for the second year of the lease.

HISTORICAL VACANCY LEASE RATES

- Pursuant to the Housing Stability and Tenant Protection Act of 2019, effective June 14, 2019, there is no longer a separate statutory vacancy rate or a separate Rent Guidelines Board vacancy rate.

EFFECTIVE DATE OF VACANCY LEASE	NYC		Nassau		Rockland		Westchester		Westchester (tenant pays either heat or hot water)	
	1 year	2 year	1 year	2 year	1 year	2 year	1 year	2 year	1 year	2 year
10/1/12 - 9/30/13 ¹	18.00%	20.00%	19.00%	20.00%	20.00%	20.00%	19.00%	20.00%	19.00%	20.00%
10/1/13 - 9/30/14 ¹	16.25%	20.00%	19.50%	20.00%	18.50%	20.00%	19.00%	20.00%	19.00%	20.00%
10/1/14 - 9/30/15 ¹	18.25%	20.00%	19.50%	20.00%	17.50%	20.00%	19.00%	20.00%	19.00%	20.00%
10/1/15 - 9/30/16 ¹	18.00%	20.00%	19.50%	20.00%	19.75%	20.00%	19.00%	20.00%	19.00%	20.00%
10/1/16 - 9/30/17 ¹	18.00%	20.00%	19.50%	20.00%	20.00%	20.00%	19.00%	20.00%	19.00%	20.00%
10/1/17 - 9/30/18 ¹	19.25%	20.00%	20.00%	20.00%	19.50%	20.00%	19.50%	20.00%	19.50%	20.00%
10/1/18 - 6/13/19 ¹	19.00%	20.00%	19.00%	20.00%	20.00%	20.00%	19.00%	20.00%	19.00%	20.00%

¹Prior to June 14, 2019, the Rent Act of 2015 provides that if a preferential rent was charged and paid by the prior tenant, then the owner is entitled to increase the legal regulated rent by no more than one of the following vacancy increases:

Last Vacancy Lease Commenced:	Vacancy Increase:
Less than 2 years ago	5%
Less than 3 years ago	10%
Less than 4 years ago	15%
4 or more years ago	20% (for a two-year lease)
	OR
	the % listed for the effective date and county in the table above (for a one-year lease)



➤ **Rent Connect:**
rent.hcr.ny.gov

✉ **Ask a question:**
portal.hcr.ny.gov/app/ask

🗣️ **For translation help:**
hcr.ny.gov/language-accessibility

➤ **Our website:**
hcr.ny.gov/rent

To visit a Borough Rent Office, by appointment only, please contact:

QUEENS
92-31 Union Hall Street
6th Floor
Jamaica, NY 11433
718-482-4041

UPPER MANHATTAN
163 W. 125th Street
5th Floor
New York, NY 10027
212-961-8930

BRONX
1 Fordham Plaza
4th Floor
Bronx, NY 10458
718-430-0880

BROOKLYN
55 Hanson Place
6th Floor
Brooklyn, NY 11217
718-722-4778

LOWER MANHATTAN
25 Beaver Street
New York, NY 10004
212-480-6238

WESTCHESTER
75 South Broadway
3rd Floor
White Plains, NY 10601
914-948-4434