



New York State Division of Housing and Community Renewal
Office of Rent Administration
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Jamaica, NY 11433

Update Number 1 to Operational Bulletin 2014-1
Conversion from Master to Individual Metering of Electricity
With Direct Payment by Tenant

NEW SCHEDULE OF RENT REVISIONS

Schedule of Rent Reductions Affecting:
New York City Rent Stabilization Code (RSC)
Emergency Tenant Protection Regulations (TPR)
New York City Rent and Eviction Regulations (CRER)
New York State Rent and Eviction Regulations (SRER)

This Update to the Operational Bulletin is issued under authority of Sections 2522.4 and 2527.11 of the RSC; Sections 2502.4 and 2507.11 of the TPR; Sections 2202.16 and 2209.8 of the CRER, and Sections 2102.4 and 2109.8 of the SRER.

It establishes an updated schedule of rent decreases for rent stabilized and rent controlled housing accommodations, where with the approval of the NYS Division of Housing and Community Renewal (DHCR), there is a conversion from master metering of electricity, with inclusion of the cost of electricity in the rent to individual metering whereby the tenant becomes responsible for the cost of his or her own electrical consumption.

This update to Operational Bulletin 2014-1, together with Operational Bulletin 2014-1 (less the schedule of rent reductions contained therein) provide all the relevant information pertaining to conversions from master metering to direct metering or submetering. Therefore, Operational Bulletin 2014-1 and this Update No. 1 supersede all prior Operational Bulletins and updates, directives or interpretations issued by DHCR or any predecessor agency.

In addition, to the information provided herein, Operational Bulletin 2014-1 should be referred to where necessary for explanation and instructions on such matters as: the definition and procedures with respect to direct metering and submetering; protection of senior citizens and additional charges for appliances.

Rent Reduction Formula

Upon granting an owner's application to convert from master to individual metering of electricity, DHCR will apply schedules of rent reductions for rent controlled and rent stabilized housing accommodations that are converted to individual metering.

The schedules are derived from data analysis by the NYC Rent Guidelines Board, as well as the NYC Department of Housing Preservation and Development (HPD) tabulation of data from the United States Census Bureau entitled "2011 NYC Housing and Vacancy Survey" (HVS) which with selected initial findings published on February 9, 2012. This data is available on the NYC Rent Guidelines Board web site at:

<http://www.nycrgb.org/downloads/research/hvs11/2011findings.pdf>.

Or the U.S. Census Bureau web site at:

<http://www.census.gov/housing/nychvs/data/2011/nychvs11.html>

In addition, data from the U.S. Department of Energy, Energy Information Administration (EIA) which became available in 2013 was utilized in calculating the rent reductions. This information could be found at the following website: http://www.eia.gov/electricity/sales_revenue_price

In the future, using the formula set forth in Operational Bulletin 2014-1 with updated information, upon publication of a new HVS, further tabulation of the new data by the NYC Rent Guidelines Board, and updated information from EIA's Form 861, DHCR will promulgate a new Operational Bulletin that will incorporate data from the survey in the same manner as is set forth herein.

In addition to information provided in Operational Bulletin 2014-1 regarding the process of migrating from master metering of electricity to individual metering of electricity owners should be guided by the information below.

Cross Wiring/Shared Meters

The wiring in master metered buildings was not always installed to strictly isolate circuits to feed only one individual apartment. In such instances, sub feeders for an area outside of an apartment may exist. Where submeters are installed in such instances a condition known as shared metering may result and a consumer in one apartment may pay for electricity used by another party.

Shared metering is an issue that has been raised by tenant groups and also in proceedings before DHCR. In an effort to ensure that such conditions are eliminated, owners who wish to submeter must provide DHCR with an affidavit from the installer of the submeters that certifies that after installation of the submeters, testing will be performed to ensure that shared meter conditions do not exist. Owners who wish to change to direct meters and have established to the satisfaction of DHCR that they do not need to rewire must also provide a certification from a licensed electrician that testing for shared metering will be performed.

Test Billing

Consumers of electricity who reside in master metered buildings have generally never had the opportunity to be informed about the amount of energy they use or the cost. In order to educate tenants as to their electric consumption and its costs, owners are required to provide educational information as follows:

Submetering - subsequent to the installation of the submeters, owners shall send each tenant two consecutive monthly summaries of their electric use and its cost. The summary may take the form of the invoice the owner intends to use for actual billing purposes. Tenants will not be required to pay for electricity for two test billing periods as its use is educational and an opportunity for tenants to learn more about, as well as implement, energy conservation. Subsequent to the completion of the test billing, owners may implement actual billing and simultaneously adjust the tenants rent.

Direct Metering - In buildings where the conversion is from master metering to direct metering, test billing is unavailable, as the utility and not the owner is the entity metering the electric use and billing the consumer. In order to provide tenants with an estimate of the energy consumption in individual apartments the owner shall provide with its application to terminate rent inclusion of electricity a notice to the tenants, which estimates the electrical usage on a per room, per month basis. The estimate shall be based on the buildings consumption of electricity divided by the number of rooms in the building. The estimates shall be prepared from the bills for the preceding February and August billing period.

Major Capital Improvements

Direct Metering – Where an owner desires to migrate from master metering to direct metering the owner as part of the conversion must rewire the building unless it can be demonstrated to the satisfaction of DHCR such rewiring is unnecessary. Rewiring a building for conversion to direct metering requires, in addition to new wire to replace older existing wire, the installation of equipment and wiring for the installation of the public utility's meters. The Rent Regulation amendments of 2014 removed the costs of rewiring that are attributable to the conversion as an eligible major capital improvement (MCI). Thus MCI rent increases will not be allowed for the costs of meter pans, the wiring for the meter pans and the construction costs related to their installation. The installation of new risers and feeders will continue to be eligible for MCI rent increases if such installation otherwise qualifies for MCI rent increases. Owners must be able to provide the cost break down from their contractor and the costs of the conversion should be clearly established in the contracts and invoices if they file a MCI application.

Submetering – Rewiring of a building undergoing conversion to sub metering is not required as long as an owner can establish that the wiring is safe and has adequate capacity for modern usage. As with direct metering, the costs attributable to conversion to submetering (meters, meter pans if applicable, installation costs and related equipment etc.) is no longer a qualified

MCI and rent increases are not available for same. If an owner elects to rewire, the costs of the conversion must be clearly established in the contracts and invoices if they file a MCI application.

Updated Schedule of Rent Reductions

Please note an update of the rent decreases for Albany and Erie Counties was not included because no applications have been filed from these counties for approximately 10 years. In the event an application is filed in either county, an appropriate update will be completed.

SCHEDULE OF RENT REDUCTIONS

Nassau County		
Number of Rooms	Direct Metering	Submetering
1	\$42.92	\$34.80
2	\$47.01	\$38.43
3	\$50.89	\$41.87
4	\$62.93	\$52.56
5	\$66.80	\$56.00
6 or more add	\$5.97 per room	\$5.30 per room

New York City		
Number of Rooms	Direct Metering	Submetering
1	\$60.00	\$40.77
2	\$65.00	\$45.10
3	\$70.00	\$49.21
4	\$85.00	\$61.98
5	\$90.00	\$66.08
6 or more add	\$7.50 per room	\$6.33 per room

Rockland County		
Number of Rooms	Direct Metering	Submetering
1	\$49.98	\$28.12
2	\$53.79	\$30.96
3	\$57.40	\$33.65
4	\$68.63	\$42.02
5	\$72.23	\$44.72
6 or more add	\$5.56 per room	\$4.15 per room

Westchester County		
Number of Rooms	Direct Metering	Submetering
1	\$59.10	\$40.25
2	\$64.03	\$44.51
3	\$68.95	\$48.56
4	\$84.13	\$61.14
5	\$88.65	\$65.19
6 or more add	\$7.39 per room	\$6.24 per room

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Woody Pascal
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For Rent Administration