



New York State
 Division of Housing and Community Renewal
Office of Rent Administration

Operational Bulletin 2021-1 (January 12, 2021)
(Replaces Operational Bulletin 2020-1)

REASONABLE COST SCHEDULE

OVERVIEW

Pursuant to HSTPA, the Division of Housing and Community Renewal (DHCR) must establish a schedule of reasonable costs for Major Capital Improvements (MCIs) which creates a ceiling for what can be recovered through a temporary MCI rent increase, based on the type of improvement and its rate of depreciation.

This Operational Bulletin is issued pursuant to Section 2522.4-a of the Rent Stabilization Code, Section 2502.4-a of the Emergency Tenant Protection Regulations, Section 2102.3-a of the State Rent and Eviction Regulations, and Section 2202.4-a of the New York City Rent and Eviction Regulations (hereinafter referred to as “the Regulations”) which requires the DHCR to issue and use, in determining an owner’s eligibility for temporary MCI rent increases, a Reasonable Cost Schedule that provides a maximum cost that can be approved for eligible MCIs. This Schedule and the conditions for waiver shall be effective immediately.

For MCI rent increases approved on or after the effective date of the Reasonable Cost Schedule, the amount of costs that the DHCR can approve may not exceed the Reasonable Cost Schedule detailed below.

PROCEDURE

When owners make improvements or installations to a building subject to the rent stabilization or rent control laws, they can apply to DHCR for approval to raise the rents of the regulated apartments. As part of the application process, owners are required to submit an itemized list of work performed with a description or explanation of the reason or purpose of such work.

Only costs that are actual, reasonable, verifiable, and eligible may be approved for a temporary MCI rent increase. The amount of costs that may be approved will be the lesser of either: (i) the actual, verified amount spent and claimed by the owner, or (ii) the reasonable costs as detailed in the Schedule, and such other additional items that are eligible for an MCI but are not listed as part of the Schedule.

Costs may be approved for related expenses if necessary, for the claimed improvement, and eligible for reimbursement as an MCI.

Costs will not be approved for expenses that are ineligible for an MCI rent increase.

This document is being reissued for informational purposes only.

The original document which contains signatures of authorization is on file at DHCR’s Office of Rent Administration.

TEMPORARY MCI RENT INCREASE APPLICATION

When an owner applies for a temporary MCI rent increase, the owner may also apply for a waiver of the application of the Reasonable Cost Schedule. Such application for the waiver must demonstrate that the claimed costs underlying the temporary MCI rent increase are either:

- (i) a. not identified in the Reasonable Cost Schedule, or are necessarily and appropriately priced higher than those costs listed in the Reasonable Cost Schedule; and
- b. such costs are accurate and reasonable under the circumstances; or
- (ii) a. use of the Schedule will cause an undue hardship, and the use of alternative procedures are appropriate to the interests of the owner, the tenants, and the public; and
- b. the costs of the improvement are accurate and reasonable under the circumstances.

The owner must request a waiver of the use of the Reasonable Cost Schedule in writing, and the request must accompany the temporary MCI rent increase application along with requisite information and documentation.

WAIVER OF THE APPLICATION OF THE REASONABLE COST SCHEDULE

At the time of initial application for an MCI, an owner may apply for a waiver of application of the Reasonable Cost Schedule. DHCR may grant the waiver along with the MCI application where the owner meets any of the following criteria:

(1) Non-Landmarked Buildings (Buildings not designated by the Landmark Commission)

- (i) A licensed engineer or architect must certify that:
 - a. The costs of the MCI for which owner seeks a temporary MCI rent increase are accurate and reasonable under the circumstances;
 - b. There is no common ownership or other financial interest between the contractor installing the replacement or upgrade and the ownership entity of the owner; and
 - c. A bid process was conducted and supervised by a licensed architect or engineer.

(2) Landmarked Buildings (Buildings designated by the Landmark Commission)

Any eligible MCI work and the costs therefore were the result of any law, regulation, rule, or requirement under which the premises have been designated a landmark building.

(3) For Emergency Capital Improvement MCI Applications:

The owner must submit a statement from an independent engineer or architect describing the emergency, why the costs were greater than those in the Schedule, that the costs were reasonable under the circumstances, verifying the actual costs, and why the owner could not obtain three bids in a timely manner due to the exigent circumstances.

(4) Capital Improvement Work Performed While Also Under Another Governmental Agency's Supervision

DHCR will also accept the cost of contract where: (1) the building is subject to both (a) rent regulation, and (b) another housing program, and (2) the contract is approved by or awarded under the supervision of a state, city or local housing entity in conjunction with that affordable housing program, and (3) such supervision includes a process by which such supervising agency reviews the costs to assure they are reasonable.

An owner may apply for a waiver of application of the Reasonable Cost Schedule, if prior to the effective date of the Regulations, the owner has either entered into a contract for the performance of MCI work within two years of the date thereof, or submitted to the DHCR an application for a temporary MCI rent increase. The recoverable costs will be determined according to the Regulations and the Reasonable Cost Schedule and waiver requirements where appropriate, however, the owner need not submit evidence of compliance with the bidding requirements set forth in the subject Regulations. The owner may instead use alternative means of establishing the reasonableness of the MCI costs sought to be recovered.

If an owner's application for a waiver is denied, the owner's recoupment shall be limited to that allowed by the Reasonable Cost Schedule, or the actual verified costs, whichever is lower, together with such other relief as may be appropriate.

For pending MCI applications, an owner must file for the Reasonable Cost Schedule waiver within 60 days of the final promulgation of the Regulations, unless in the context of processing the MCI application, the owner is directed by DHCR to file for a waiver at an earlier date.

WAIVER PROCEDURE

As part of the written waiver application for non-emergency capital improvements, owners must submit the following:

- (1) A certification by a licensed architect or engineer stating that:
 - (i) Purchases and contracts have been awarded on the basis of analysis and bidding to the full extent possible and with no less than three bidders having been solicited to perform the work, unless the owner can demonstrate that the work is so highly specialized that such bids cannot be extended;
 - (ii) List of items for which the owner solicited bids were necessary;
 - (iii) The costs claimed by the owner for the MCI work are accurate and reasonable, provided that the architect or engineer's basis for such conclusion is credibly supported;
 - (iv) All changes to the original agreed upon scope of work were necessary to the underlying MCI and reasonably priced; and
 - (v) The owner selected the lowest responsible bidder or the bidder best suited to perform the MCI work, provided that the architect or engineer's basis for such conclusion is credibly supported.

- (2) Certification by the owner that it has complied with bid process requirements including submission of:
- (i) Detailed description of the items for which the owner initially solicited bids;
 - (ii) Tabulation of all bids received;
 - (iii) Copies of all bids received; and
 - (iv) A certification by each bidder disclosing whether the owner or any board member, general partner, officer or employee of the owner, and/or principal or employee of any managing agent retained by the owner, has a direct or indirect interest in the bidder or in the compensation to be received by the bidder pursuant to the proposed contract. Failure to accurately and fully complete this certification may result in the rejection of the bid for purposes of determining the owner's application for waiver of the use of the Reasonable Cost Schedule, as well as rejection and a dismissal of the MCI application.
- (3) A certification by the owner's architect or engineer certifying the necessity, appropriateness, and reasonableness of the costs of all changes to the original agreed upon scope of work that were performed in connection with the MCI, along with a description of the changes in the scope, price, or time of completion of the work related to each change order.

THE REASONABLE COST SCHEDULE

The following Reasonable Cost Schedule lists types of improvements or installations that may qualify as an MCI. This list is not inclusive of all eligible improvements or installations. The costs for each type of MCI work is listed as per unit, per unit of measurement or per piece of equipment as is more appropriate given the individualized nature of the improvement.

CATEGORY	SUB-CATEGORY	PRICE/ UNIT (2020 \$)	UNIT DEFINITION
Chimney			
	New Chimney	\$128	Per Square Foot
Doors			
	Apartment Entry-Adjust and Fix Lockset	\$410	Per Front Door to the Dwelling Unit
	Apartment Entry-Full Frame with Hardware	\$3,000	Per Apartment Entry-Full Frame with Hardware
	Building Entry Door	\$4,010	Per Building Entry Door
	Common Area Door and Frame	\$2,000	Each Common Area Door and Frame
	Vestibule/Lobby Door	\$6,650	Per Vestibule/Lobby Door

Elevators

Elevator Modernization (<i>For Buildings up to 10 Stories</i>)	\$170,000	Per Elevator Modernized
<i>*Elevator Modernization For Buildings Over 10 Stories*</i>	\$12,500	Per Additional Floor
Elevator Replacement (<i>For Buildings up to 10 Stories</i>)	\$350,000	Per Elevator Replacement
<i>*Elevator Replacement For Buildings Over 10 Stories*</i>	\$25,000	Per Additional Floor

Exterior Restoration/Façade

A/C Bracket	\$202	Per A/C Bracket
A/C Sleeve- Replacement	\$1,035	Per A/C Sleeve- Replacement
Balcony Coating Top Side	\$19	Per Square Foot
Balcony Coating Underside	\$13	Per Square Foot
Balcony Partial Depth Concrete Deck Repair	\$87	Per Square Foot
Balcony Pitching Mortar	\$20	Per Square Foot
Balcony Replacement- Concrete & Rebar 6" Thick	\$259	Per Square Foot
Cornice Repairs Includes Galvanized Metal, & Copper	\$98	Per Linear Foot
Cornice Replacement Includes, Galvanized Metal, Copper, And Fiberglass	\$1,840	Per Linear Foot
Double Lintel-Suspended (Includes Waterproofing)	\$207	Per Linear Foot
Landmark Façade	<i>As per Landmark Requirements</i>	
Limestone Patching	\$190	Per Square Foot
Limestone Replacement	\$346	Per Square Foot
Masonry Pointing	\$15	Per Square Foot
Pressure Washing	\$3	Per Square Foot
Replace Backup Masonry Brickwork	\$61	Per Square Foot
Replace Single Wythe Masonry Brickwork	\$69	Per Square Foot
Sidewalk Shed	8' Wide x 8' High - \$150	Per Linear Foot <i>(These costs apply to any job requiring a sidewalk shed.)</i>
	10' Wide x 8' High - \$167.50	
	12' Wide x 8' High - \$195	
Single Lintel-Loose Laid (Includes Waterproofing)	\$167	Per Linear Foot
Site Safety Manager/QSP	\$4,550	Monthly
Site Safety: Planning & Filing	\$9,150	N/A
Stucco	\$32	Per Square Foot
Swing Stage Scaffolding (Pricing includes C-Hook & Outrigger)	\$5,450	Each Swing Scaffolding
Waterproofing	\$13	Per Square Foot
Window Caulking	\$13	Per Linear Foot
Window Sills	\$97	Per Linear Foot

Heating System

Asbestos	\$31	Per Square Foot
Boiler (Including all Standard Boiler Components)	\$172,600	Per Boiler
Burner	\$57,650	Per Boiler
Chimney Liner Steel	\$1,275	Per Linear Foot
Gas Train for Con Ed with Booster	\$52,100	Per Gas Train for Con Ed with Booster
Gas Train for Con Ed without Booster	\$19,700	Per Gas Train for Con Ed without Booster
Gas Train For National Grid with Booster	\$52,100	Per Gas Train for National Grid with Booster
Gas Train for National Grid without Booster	\$19,700	Per Gas Train for National Grid without Booster
Heat Timer Control Building Management (BMS) Temperature Control System For Each Room Of The Apartment	\$8,000	Per Heat Timer Control
Hot Water Heater	\$30,800	Per Hot Water Heater
Pipe Insulation	\$23	Per Linear Foot
Heating by controlling valves & thermostat	\$2,637	Per Unit <i>(Temperature Regulating for Each Room with one Radiator)</i>
Heating system with self-regulating heating valves	\$950	Per Unit <i>(Each Radiator)</i>

Parapet

Aluminum Copings	\$93	Per Linear Foot
Asbestos Removal: Base Flashings	\$32	Per Square Foot
Asbestos Removal: Parapet	\$32	Per Linear Foot
Double Wythe Parapet Reconstruction -Regular Brickwork with a Camelback Coping Stone	\$950	Per Linear Foot
Landmark Parapet	<i>As per Landmark Requirements</i>	
Metal Cladding.	\$32	Per Linear Foot
Precast Concrete Coping Stones	\$144	Per Linear Foot
Remove Tar & Stucco with Wire Lath @ Parapet	\$8	Per Square Foot
Roof Railings- 42"	\$275	Per Linear Foot
Terracotta Copings Camelbacks	\$104	Per Linear Foot
Triple Wythe Parapet Reconstruction-Regular Brickwork with a Camelback Coping Stone	\$1,350	Per Linear Foot

Plumbing/ Repiping

New Gas Piping (Including Overheads, Risers and Branches, and Restoration assuming the penetrations are through a concrete deck)	\$10,100	Per Dwelling Unit
Overheads, Risers, Branches & Restoration	\$15,250	Per Dwelling Unit
Pipe Insulation	\$8	Per Linear Foot
Pipe Insulation Asbestos Abatement	\$20	Per Square Foot

Rewiring/ Electrical Upgrading

Add. Duplex outlet	\$375	Each Add. Duplex outlet
Bathroom GFI Outlet incl. restoration	\$430	Ground Fault Interrupter Unit: Each Bathroom GFI Outlet incl. restoration
New wiring (Including new service, new meters, risers, circuit breaker panels, duplex kitchen outlet & dedicated AC outlet. <i>MCI increases may be granted for new wiring if the owner has installed new risers and feeders from the property box in the basement to every apartment and has installed new wiring inside the tenant's apartment.</i>)	\$6,450	Per Dwelling Unit
Restoration of wiring. (Including new service, new meters, risers, circuit breaker panels, duplex kitchen outlet & dedicated AC outlet. <i>MCI increases may be granted for restoration of wiring if the owner has installed new risers and feeders from the property box in the basement to every apartment and has used the existing wiring inside the tenant's apartment.</i>)	\$3,230	Per Dwelling Unit
Smoke Detector/ Carbon Monoxide Detector Hard Wired with Battery Back Up	\$720	Each Smoke Detector/ Carbon monoxide detector

Roof

3 Ply Asphalt Roof	\$72	Per Square Foot
Asbestos Abatement: Base flashings	\$32	Per Square Foot of Asbestos Roofing Material Abated
Asbestos Abatement: Roof	\$20	Per Square Foot of Asbestos Roofing Material Abated
EPDM Roof	\$27	Per Square Foot
Flashing	\$45	Per Square Foot
Full Rip-off Roof	\$13	Per Square Foot
Interior Screens	\$425	Per Interior Screen (refers to Insect Screens installed)
Landmark Roof	<i>As per Landmark Requirements</i>	
Leaders and Gutters	\$38	Per Linear Foot
Modified Bitumen Roof- Recovery	\$38	Per Square Foot
New (extensive) Green Roof Shallow	\$88	Per Square Foot
New Modified Bitumen Roof	\$56	Per Square Foot
Quarry Tile-Paver System	\$41	Per Square Foot
Roof Drains	\$2,650	Per Drain
Skylight Repair	\$708	Per Skylight Repair
Skylight Screens 3'x5'	\$650	Per Skylight Screen 3' x 5' (Refers to the covering installed over a Skylight to protect from impact damage)

Skylights 3' x 5' Laminated Insulated Glass	\$4,900	Per Skylight 3' x 5' Laminated
Skylights 3' x 5' with Screens (Units are typically fabricated by a sheet metal manufacturer and glass installed.)	\$3,100	Each Skylight 3' x 5' with Screens

Security System/ Intercom

Intercom	\$1,039	Per Dwelling Unit
New TV Security System		
Cameras	\$1,000	Per Camera
Monitors	\$2,500	Per Monitor
Receivers	\$500	Per Receiver

Windows

Child Guard	\$50	Per Child Guard
Landmark Windows	<i>As per Landmark Requirements</i>	
Terrace Door	\$2,500	Per Terrace Door
Window	\$650	Per Window

For more detailed information regarding MCIs and DHCR's procedure for granting a temporary MCI rent increase, please review DHCR Fact Sheet #24 Major Capital Improvements (MCI).

Woody Pascal

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