NEW YORK STATE OF OPPORTUNITY.

Homes and Community Renewal

Office of Rent Administration

FACT SHEET # 26

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

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

Rents can be raised by a number of lawful mechanisms relating to leases and improvements, the latter of which are referred to as IAIs and MCIs.

Options	• **Leases:** A tenant can choose between a one or two year option and the allowable guideline adjustment is set by the local rent guidelines board. • **Improvements:** Lawful rent increases for IAIs and/or MCIs may be factored into rent increases.
Limitations	• The rent guidelines boards set allowable lease increases on an annual basis. • MCI rent increases are capped at 2% per year. • IAI rent increases are based on building size and the cost of the improvement.

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 https://rent.hcr.ny.gov or at a Borough Rent Office. In general, complaints of rent overcharge look back six years.

Effective December 15, 2022, Private Housing Finance Law (PHFL) Section 610 allows owners of affordable housing properties to collect actual rents that are higher than legal rents, if the following two conditions are met: a state or municipal agency or other statutorily designated party must issue specific approval in a regulatory agreement, either new or amended, and a government program provides rental assistance to the apartment. See DHCR Notice RA-LR3 for more details. Often rental assistance may be provided to owners without an overarching state or municipal regulatory agreement for the development. In addition, a regulatory agreement may not specifically authorize these higher rents with respect to all or certain types of rental assistance. Neither of these circumstances establish that an actual rent higher than the legal stabilized rent can be charged. Owners should be aware that for example, FHEPS or individual section 8 housing choice vouchers may not always qualify for an actual higher rent.

Leases

The Housing Stability and Tenant Protection Act (HSTPA) of 2019 eliminated the statutory vacancy rate and does not permit Rent Guidelines Boards to establish a separate vacancy rate. Changes to the rent regulations effective November 8, 2023 further clarify that the Rent Guidelines Board one or two year lease guidelines adjustments shall be applicable to both vacancy and renewal leases. No more than one guideline adjustment can be added to the rent in a calendar year for a vacancy lease. Renewal lease guideline adjustments are subject to the limitation of one guideline adjustment in the same guideline year. A guideline year commences on October 1 and ends the following September 30. 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.

When a tenant signs a renewal lease, they can choose between a one or two-year option and the allowable guideline adjustment 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 guideline adjustments but only collect a guideline adjustment based on the preferential rent. The higher legal regulated rent and related guideline adjustments 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.

Effective October 17, 2024 there are two tiers of IAI rent increases. The IAI rent increase is now permanent and to obtain it, owners must file DHCR IAI Notification Form RN-19N electronically along with before and after photos. For additional details on IAI requirements, please see DHCR Operational Bulletin 2024-2.

The first tier establishes a $30,000 limit. In a building with 35 or fewer apartments, the

rent increase is 1/168th of the total cost of the improvements and the maximum rent increase is $178.57. If the building has more than 35 apartments the rent increase is 1/180th of the total cost of the improvements and the maximum rent increase is $166.67. In this tier, if a tenant is in occupancy when the improvement is made, the owner is required to obtain the tenant's written consent on DHCR IAI Tenant's Informed Consent Form RN-19C, which is available for completion in multiple languages.

The second tier establishes a $50,000 limit and applies only to work done in vacant apartments and the owner must first get certification from DHCR for eligibility. In a building with 35 or fewer apartments, the rent increase is 1/144th of the total cost of the improvements and the maximum rent increase is $347.22. If the building has more than 35 apartments the rent increase is 1/156th of the total cost of the improvements and the maximum rent increase is $320.51.

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.

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 adjustments 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.
- Effective November 8, 2023, the rent regulation amendments clarify that guideline adjustments apply to vacancy and renewal leases. For guidelines prior to this date, the footnote "1" is used as a notation (previously noted with a "G"). In light of this amendment, the use of this footnote in subsequent guideline years is no longer necessary.
- On June 18, 2025, the New York State (NYS) Court of Appeals issued its decision in the Emergency Tenant Protection Act (ETPA) case, Hudson Valley Property Owners Association Inc. et al. v. City of Kingston et al. The decision upheld Kingston's adoption of the ETPA and Kingston Rent Guidelines Board's fair market rent and guideline adjustment. See footnote "7."

EFFECTIVE DATE OF RENEWAL LEASE	NYC		Nassau		Rockland		Westchester		City of Kingston	
	1 year	2 year	1 year	2 year	1 year	2 year	1 year	2 year	1 year	2 year
10/1/20-9/30/21	0.00%[1]	0.00%[1,2] 1.00%[1,2]	0.00%[1]	0.00%[1]	0.00%[1]	0.00%[1]	0.00%[1]	0.00%[1]	—	—
10/1/21-9/30/22	1.50%[1,3]	2.50%[1]	1.00%[1]	2.00%[1]	0.50%[1]	0.75%[1]	0.50%[1]	1.00%[1]	—	—
10/1/22-9/30/23	3.25%[1]	5.00%[1]	2.00%[1]	3.50%[1]	0.50%[1]	0.75%[1]	2.00%[1] 1.00%[1,4]	3.00%[1] 2.00%[1,4]	-15.00%[7]	-15.00%[7]
10/1/23-9/30/24	3.00%[1]	2.75%[1,5] 3.20%[1,5]	1.00%[1] 0.00%[1,6]	2.00%[1] 0.00%[1,6]	0.00%[1]	0.50%[1]	1.00%[1]	2.00%[1]	0.00%[1]	0.00%[1]
10/1/24-9/30/25	2.75%	5.25%	1.50%	2.50%	2.00%	3.00%	2.50%	3.50%	0.00%	0.00%
10/1/25-9/30/26	3.00%	4.50%	2.00%	3.00%	5.00%	6.00%	2.00%	3.00%	0.00%	0.00%
10/1/26-9/30/27	0.00%	0.00%	1.50%	2.50%	5.00%	6.00%	3.50%	4.50%	—[8]	—[8]

[1] The guideline adjustment is authorized for vacancy and renewal leases.

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

[3] 0% for the first six (6) months of the lease and 1.5% for the final six (6) months of the lease.

[4] These guideline adjustments apply only to the Village of Croton-on-Hudson, which expanded its ETPA coverage on March 27, 2023 to buildings built before 1974 with six or more units. They apply to leases commencing between March 27, 2023 and September 30, 2023.

[5] For a two-year lease commencing on or after October 1, 2023 and on or before September 30, 2024, for the first year of the lease, 2.75%; and for the second year of the lease, 3.20% of the amount lawfully charged in the first year, excluding any increases other than the first-year guideline adjustment.

[6] These guideline adjustments apply only to the Village of Hempstead within Nassau County.

[7] The KRGB has set the allowable rent adjustment at -15%. This applies to apartments that became subject to the ETPA as of July 29, 2022, and where leases were required by the ETPA to commence between August 1, 2022 and September 30, 2023.

[8] At this time, the KRGB has not determined the guideline adjustment for leases commencing 10/1/2026 through 9/30/2027.

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, <u>by appointment only</u>, please contact:

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

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

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

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

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

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