

TENANTS & NEIGHBORS

WHAT SHOULD I DO IF I GET A MAJOR CAPITAL IMPROVEMENT INCREASE?

What is a Major Capital Improvement (MCI)?

An MCI is an improvement or a renovation, such as a new roof or new boiler, that improves the overall condition of a building. MCIs are different from repairs, which only maintain a building in adequate working order.

The cost of MCIs can be passed onto regulated tenants through a rent increase. This rent increase is permanent.

How does the MCI rent increase work?

The dollar amount spent by the landlord on the MCI is divided by the total number of rooms in the building and then divided again by 84. Your monthly rent increase is this amount multiplied by the number of rooms in your apartment. This allows the landlord to recoup the amount he or she spent on the MCI in 84 months (7 years).

For example, if your landlord spends \$200,000 on an MCI and there are 200 rooms in your building, then the MCI charge will be \$12 per room per month. If you have three rooms in your apartment, your rent increase will be \$36.

For rent stabilized apartments in NYC, landlords can increase the rent up to 6% per year. For rent controlled apartments landlords can increase the rent up to 15% per year.

For example, if your stabilized monthly rent is \$600, then you pay \$7,200 in rent per a year. Since 6% of \$7,200 is \$432, your landlord cannot charge you more than \$432 in one year for an MCI.

How does an owner get permission for an MCI rent increase?

1. The landlord files an MCI rent increase application with the state housing agency, the Division of Housing and Community Renewal (DHCR).
2. DHCR notifies tenants and gives them 30 days to write back explaining why the rent increase should not be granted. Tenants can request a time extension to get 60 days to reply.

3. DHCR reviews the application along with the tenants' responses and makes a determination. The owner could receive a rent increase for the total amount requested, a partial amount, or be denied the request.

The entire process can take months or even years. Make sure you keep everything you receive in the mail from DHCR and your landlord and pay attention to deadlines.

How can I contest an MCI rent increase?

As soon as you receive notice of your landlord's MCI application, contact DHCR and ask to see a copy of your landlord's MCI application. You can have it sent to you for a fee or go to the DHCR office to see it for free. The application will include the invoices to your landlord and copies of cancelled checks of payment to your landlord's vendors.

Here is a list of things to look out for:

- False information in the landlord's MCI application
- The equipment installed, such as an elevator, does not work or was not finished
- The work was done by members of the landlord's family or by a business in which the landlord has a financial interest
- The installation does not benefit all tenants in the building
- The work was done more than two years prior to the landlord's application
- The work included routine repairs or cosmetic improvements not directly related to the MCI
- The landlord replaced equipment before its "useful life" had ended (check with DHCR for information about the "useful life" of installations)
- The landlord claims that the MCI cost significantly more than it should have according to industry standards, and/or inflates the cost on the permit
- The landlord charges your building for work done on another building
- The landlord does the work without proper permits



Organize a tenants meeting to coordinate responses – collective action is always stronger than individual action! The responses should focus on the MCI in question rather than on your history of problems with the landlord.

You have only 30 days to review this information and respond, so request a time extension if necessary!

My landlord just applied for an MCI, but there are bad conditions in my building – what should I do?

Call 311 and ask the city to send an inspector to document the violation. Also complain to your landlord in writing and keep a copy of your letter. If the landlord does not correct the problem in the 10 days after you send your letter, file a service reduction complaint with DHCR.

If DHCR determines that your landlord is not maintaining required services, the additional MCI charges will not be added to your rent until the other services are provided.

What if I have Senior Citizens Rent Increase Exemption (SCRIE) or Disability Rent Increase Exemption (DRIE)?

If your rent is frozen due to SCRIE or DRIE, you don't have to pay any portion of an MCI increase that would increase your rent to more than 1/3 of your total disposable income. However, you may be required to pay an addition to your security deposit resulting from the MCI adjustment.

Can I stop an MCI after it is approved?

If you answered the original application, you can file a Petition for Administrative Review (PAR) within 35 days of the issue date of the MCI order. You must use the same arguments that you used in your answer and explain how DHCR misinterpreted or ignored your arguments. You can also use new information that you could not have obtained during the first answer period.

If your PAR is rejected, your final option is to file an Article 78 proceeding, asking the court to overturn DHCR's decision. Call Tenants & Neighbors for a list of good tenant attorneys.

Contact DHCR

Main helpline: 1-866-ASK-DHCR

All rent information: 718-739-6400 / RentInfo@nysdhcr.gov / www.dhcr.state.ny.us

Bronx Office: One Fordham Plaza, 2nd Fl., Bronx, NY 10458 Ph: 718-563-5678

Brooklyn Office: 55 Hanson Pl., Rm. 702, Brooklyn, NY 11217 Ph: 718-722-4778

Upper Manhattan Office (North of 110th): 163 West 125th Street, 5th Floor, New York, NY 10027 Ph: 212-961-8930

Lower Manhattan Office (South of 110th): 25 Beaver Street, 5th Floor, New York, NY 10004 Ph: 212-480-6238

Queens Office: Gertz Plaza, 92-31 Union Hall St., Jamaica, NY 11433 Ph: 718-739-6400

Take Action! Organize for Affordable Housing!

Tenants across the state are fighting for their rights. Contact Tenants & Neighbors to learn how to get involved.

To find out who your elected officials are, go to

<http://nymap.elections.state.ny.us/nysboe/> or www.tandn.org.

For more information, contact Tenants & Neighbors!

www.tandn.org