

FACT SHEET



Andrew M. Cuomo, Governor

A PUBLICATION OF NEW YORK STATE
DIVISION OF HOUSING AND COMMUNITY RENEWAL
OFFICE OF RENT ADMINISTRATION

#12 Rent Increases for Individual Apartment Improvements (IAI)

A building owner may increase the rent in an individual apartment based on increased services, new equipment, or improvements. This increase is in addition to statutory vacancy increases or the regular annual Rent Guidelines Board adjustments for rent stabilized apartments, and biennial adjustments to Maximum Base Rents for rent controlled apartments.

Pursuant to the Rent Act of 2011, effective September 24, 2011, in buildings that contain more than 35 apartments, the owner can collect a permanent rent increase equal to 1/60th of the cost of the Individual Apartment Improvement (IAI). In buildings that contain 35 apartments or less, the owner can collect a permanent rent increase equal to 1/40th of the cost of the IAI, as had previously been allowed.

The IAI rent increase may be based on the cost of the new item and installation costs, but not finance charges. The cost of associated demolition or removal of the item(s) being replaced or installed can be included in the calculation for determining the allowable rent adjustment for an individual apartment improvement only when such demolition or removal is necessary, and is performed contemporaneously with the completion of the work.

Any removal or demolition work performed by the owner or an employee of the owner during the course of assigned duties (i.e. removal of a refrigerator or rubbish) does not constitute an expenditure that can be included in the calculation of the rent increase for the individual apartment improvement.

An owner who pays for a substantial increase of dwelling space or an increase in services, or new furniture or furnishings, or the installation of new equipment or improvements provided in or to an occupied rent stabilized or rent controlled apartment, and has obtained the written consent of the tenant to the rent increase, may increase the rent. An order from DHCR is not required before the owner may so increase the rent. However, for rent controlled housing accommodations, before an owner may so increase the rent, such owner must file an "*Owner's Notice of a Rent Increase Based on Increased Services/New Furnishings/Equipment/Painting; and Tenant's Statement of Consent*" (DHCR Form RN-79b) with DHCR.

If the subject apartment is vacant when the improvements are made, the owner does not have to obtain the written consent of any tenant to increase the rent. The owner should keep all bills for improved services, new equipment, or improvements to prove their cost in the event a tenant challenges the rent increase.

Prior DHCR approval is not required for rent increases based on individual apartment improvements, whether or not the installation of the improvements occurs while an apartment is vacant. However, such rent increases may be challenged by a tenant up to four years after the installation. When timely challenged, any claimed individual apartment improvement cost must be supported by adequate documentation, which should include at least one of the following:

- 1) Cancelled check(s) contemporaneous with the completion of the work;
- 2) Invoice receipt marked paid in full contemporaneous with the completion of the work;
- 3) Signed contract agreement;
- 4) Contractor's affidavit indicating that the installation was completed and paid in full.

Whenever it is found that a claimed cost warrants further inquiry, DHCR may request that the owner provide additional documentation.

If it is found that there is an equity interest or an identity of interest between the contractor and the building owner, then additional proof of cost and payment, specifically related to the installation, may be requested. Where the claimed cost is not adequately substantiated, the difference between that amount and the amount of the cost that is substantiated will be disallowed.

For more information or assistance, call the DHCR Rent InfoLine, or visit your Borough Rent Office.

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6th Floor
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