

# Rent Control

## A Fact Sheet for Tenants

**Rent control is the older of the two rent regulation systems in place in New York City. Today it covers only those tenants who live in buildings built before 1947 and who have lived in their apartments since 1971 (or their successors). There are about 60,000 apartments in the system today, down from over a million in the 1970's. Most rent control tenants are seniors who pay a 7.5% increase each year, earn about \$20,000 a year, and pay over 30% of their income for rent. The rent increase system is onerous for tenants, and needlessly complex.**

**History** The rent control law is descended from the broad rent and price controls that were in place at the end of World War II. During the late 40's the federal rent control system, which had been nationwide, was gradually lifted and states that wanted to preserve rent control were permitted to take on administration of the system. While New York City's housing market suffered from both the lack of construction during the war as well as a large population influx, it also had a well organized labor and tenant movement. Thanks to agitation from the huge number of tenants in the city, Albany took over the rent control system in 1950. After that, the administration of rent control for New York City went from state to city to state, and a variety of decontrol provisions were passed. Today, rent control covers only about 60,000 apartments, down from well over one million in its heyday. The system is now under vacancy decontrol – once the tenant moves out, the apartment is decontrolled (and covered by the rent stabilization system if it qualifies).

### The Maximum Base Rent System

**Introduction** Rent control tenants have been subject to the Maximum Base Rent (MBR) system of rent increases since the early 1970's. During the 70's, a Maximum Base Rent was set for each apartment in the system as a maximum ceiling rent. Under the current system, landlords can apply for a Maximum Base Rent Order of Eligibility once every two years. The MBR, or ceiling rent, is adjusted (always upwards) by the NYS Division of Housing & Community Renewal (DHCR), which follows a formula set in the law, once every two years, and qualifying landlords get that raise. The landlord is then allowed to increase the tenant's rent by 7.5% per year until the rent actually paid (called the Maximum Collectible Rent) reaches the MBR. During years when the MBR is low, as it was in the early 90's, tenants don't pay the full 7.5% per year, but in years, such as the 2000's, when the MBR is high, tenants have to pay the 7.5% increase every year. Today, most rent control apartments have rents that are at or very near the MBR. There are, however, a number of apartments that are not in the MBR system because those landlords do not file.

**Maximum Base Rent Cycles** Once every two years, landlords must file with the NYS DHCR in order to get an Order of Eligibility. The order, if the landlord qualifies, is mailed to the owner and every rent control tenant in the building. It covers the two year period in the cycle. The order is usually mailed some time in the first year of the cycle, and is retroactive to January 1 of the first year in the cycle (although the state agency often is very late in mailing the notices, and so tenants have a year or more in retroactive increases – which they can pay in monthly installments). The landlord must then, within 60 days, serve each rent control

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For more detailed information about your rights, or for assistance in organizing a tenants' association:

### METROPOLITAN COUNCIL ON HOUSING

339 Lafayette Street, New York, NY 10012 • [www.metcouncil.net](http://www.metcouncil.net)

**Tenant Hotline:** 212-979-0611 (Mondays, Wednesdays and Fridays 1:30-5:00 p.m.)

**Free Tenant Clinic:** Tuesdays 6:30 p.m., Cooper Square 61 E. 4th Street (between Bowery & 2nd Ave.)

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with a *Notice of Increase in MBR and MCR Computation* (RN- 26) form which shows the increase in the Maximum Base Rent and in the Maximum Collectible Rent (MCR). The MCR is what the tenant actually pays. The form will also show if the landlord got a Major Capital Improvement Increase and will show the fuel pass-along that the tenant should be paying. The tenant can challenge the landlord's notice within 33 days.

**Challenging the MBR** Grounds for challenging the RN-26 are mistakes in the calculation, violations which bar the landlord from collecting an increase, and the landlords' failure to maintain essential services. There are a few other technical grounds for challenging (contact Met Council for more information on these technical grounds). If served within 60 days of the Order of Eligibility, the landlord can collect the MCR increase retroactive to January 1. If sent after the 60 days, the increase is prospective. Tenants should save the envelope or other proof of when the RN-26 was received.

**Fuel Pass-alongs** Rent control tenants also pay a fuel pass-along. The cost of fuel is not included in the MBR and the charge is not included in the base rent. Every year, rent control tenants pay a separate fuel pass-along (or Fuel Cost Adjustment) that goes up or down according to the change in the price of the fuel used in the building. In periods of high increases in oil and gas prices rent control tenants pay high fuel cost adjustments.

Once the DHCR determines the changes in fuel prices, the changes are announced and a filing deadline for landlords. Landlords must file forms with the agency to pass on fuel increases (or reductions) to the tenants in the building. The landlord sends notices to tenants of changes in the Fuel Cost Adjustment (RA 33.10). If filed by the deadline, the landlord is entitled to collect the new fuel charge retroactive to January 1. If prices go down, and the landlord fails to notify the tenant of the reduction in the pass-along, the landlord loses the entire FCA for that tenant for the year. The charge can be challenged by following the DHCR instructions of the form. Grounds for challenging are mistakes in math; incorrect information (such as incorrect room count, type of fuel used, etc. – check

previous years' forms to compare the type of fuel, the size of storage tanks, and the fuel company name.)

### **For more information about rent control:**

The New York State Division of Housing & Community Renewal administers the rent control system. Fact sheets, complaint forms and other information can be found by calling 718-739-6400 or on the agency's website. Go to the Rent Administration section.

<http://www.dhcr.state.ny.us/>