

What's New In New York Housing Continued...

IAI's Now Permanent Along With Modest Cap Increase

While it is widely held among reasonable building owners that the IAI increases in the budget are woefully inadequate, understanding this is still important please see below.

As part of the 2024/25 New York State Budget deal, Individual Apartment Improvement (IAI) caps have been lifted. This change, effective in six months, will impact stabilized apartments that predate 1974 with six or more units, as well as some newer buildings built with a tax subsidy.

IAI Adjustments

Budget Bill Part FF

The Budget contains significant changes to IAIs. These modifications provide:

1. IAI rent increases are permanent.
2. Two tiers for IAI allowances:
 - a. The new cap for IAIs is \$30,000 within a fifteen-year period. The amortization schedule remains at 1/168 and 1/180, meaning the monthly increase for a \$30,000 renovation is \$178 and \$166, respectively. This \$30,000 limit applies to IAI's filed after June 14, 2019.
3. In certain circumstances, this cap can be \$50,000 with an amortization rate of 1/144 for buildings with 35 or fewer units and 1/156 for buildings over 35 units for a monthly increase of \$347 per month or \$320 per month, respectively. This applies to buildings in two categories:
 - a. A vacancy after 25 years of occupancy immediately prior to the vacancy; or

- b. For units timely registered as vacant by December 31 in each of 2022, 2023 and 2024.

The Division of Housing and Community Renewal (DHCR) must provide prior certification that the unit is eligible for the higher IAI. These costs will be recoverable if immediately prior to undertaking the work the owner submitted evidence to DHCR demonstrating the improvement, was needed due to a substandard condition or exceeding its useful life immediately prior to the work and proof afterward including photos, receipts, and proof of payments that the work was done. DHCR may audit this work. Disallowed work will be deemed willful overcharges, prior approval is vital.

The unit is not eligible for this enhanced tier of IAI adjustments if within five years prior there has been a finding by DHCR or court for treble damages for an overcharge in that building or a finding of tenant harassment by an owner.

We recognize that further clarification as to how the new prior certification requirement for IAIs will be implemented for apartments occupied for 25 years and the expenditure of \$50,000 on improvements and continue to engage DHCR on this new process. At RSA we believe it is in everyone's best interest to have a quick, easy to understand process that does not slow down the return of units to the rental market. Stay tuned for future email blasts where we will keep you apprised of new information as follows. ■

Make Your Voice Heard At RGB!

In preparation for our 2024 RGB submission we are gathering data from our members to highlight affordable housing provider experiences, and advocate for sensible lease increases. RSA is surveying its membership to evaluate the costs of property taxes, insurance, and Local Law 97 (LL97) compliance throughout the past three years. As we continue our advocacy, we are asking you- our members- to make your voice heard too, as we did last year. We are asking for your stories.

All information provided is purely for RSA advocacy on behalf of our membership, your submissions will remain protected with only first name, last initial and property neighborhood. Email address is required and only used for RSA staff to keep track of data. We encourage you to fill out this form to help you and fellow members.

Please click on the following link: <https://tinyurl.com/yc8bx77v> to submit information that will help RSA submission.