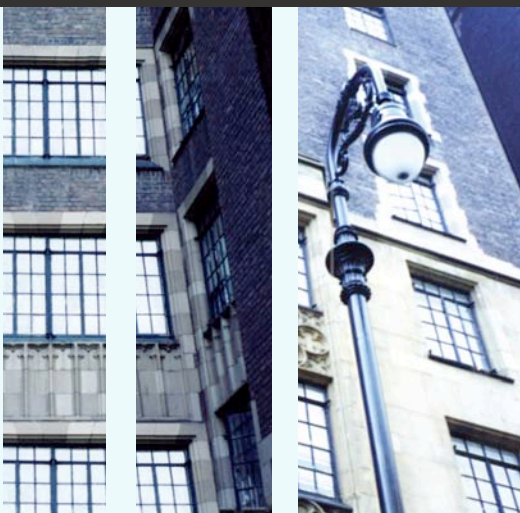


A Landlord's Guide to DRIE

The Disability Rent Increase Exemption



WHAT IS DRIE?

The Disability Rent Increase Exemption Program, referred to as “DRIE,” was enacted in 2005 to protect tenants from being forced out of their apartments due to rent increases. The program, which is city and state law freezes the rent of eligible tenants of rent-stabilized and rent-controlled apartments.

DRIE was also crafted to protect the rights of the building owners/landlords. A landlord with a DRIE tenant receives a dollar-for-dollar tax credit to offset the rent the tenant is exempted from paying. The tax credit is increased each time the rent is increased.

WHICH TENANTS/SHAREHOLDERS ARE ELIGIBLE FOR DRIE?

To qualify for DRIE, an applicant must:

- 1 Rent an apartment defined as eligible under the law:**
 - A rent-controlled or rent-stabilized apartment regulated by the Division of Housing and Community Renewal;
 - A Mitchell Lama apartment or cooperative;
 - An apartment owned by a limited dividend housing company, redevelopment company or housing development fund company incorporated under the Private Housing Finance Law; or
 - An apartment located in a building where the mortgage was federally insured under Section 213 of the National Housing Act. (Tenants who receive Section 8 housing subsidies or who live in Public Housing Authority buildings do not qualify for DRIE benefits.)

- 2 Be the head of household (18 years of age or older) and named on the lease or rent order, be the tenant of record, or be the disabled spouse of either:**

The DRIE applicant must be the adult head of household who is either named on the lease or rent order for an eligible apartment or who is the tenant of record. A tenant of record has attained and exercised his/her legal right of succession to the apartment when the leaseholder vacates the apartment either by moving or by death.

3 Receive eligible state or federal disability-related assistance from one of the following:

- Federal Supplemental Security Income (SSI);
- Federal Social Security Disability Insurance (SSDI);
- US Department of Veterans Affairs disability pension or compensation; or
- Disability-related Medicaid (if the applicant has received either SSI or SSDI in the past.)

4 Meet the program's income eligibility requirement:

- Households of one: Applicant's total income for the calendar year 2009 must have been no more than \$19,284.
- Households of two or more: Total household income for ALL members for calendar year 2008 must have been no more than \$27,780.

5 Pay more than one-third of his/her household's aggregate disposable income for rent.

Aggregate disposable income includes money earned by working, disability-related financial assistance, child support, etc. However, there are several expenses that can be deducted.

LANDLORD NOTIFICATION

All building owners or their managing agents will receive written notification of the DRIE approval of a tenant in their building. When a tenant is approved for the DRIE benefit, the benefit goes into effect on the first day of the month immediately following the month in which Finance received the tenant's DRIE application. The notification letter that a tenant has been approved for DRIE will show the tenant's frozen rent, the effective date of the rent freeze, the credit to be received for that tenant, and the total credit for the benefit period.

DRIE BENEFIT FOR APPROVED TENANTS

Rent-stabilized apartments: Rent is frozen at the level of the tenant's prior lease.

Rent-controlled apartments: Rent is frozen at the amount applicant was paying on December 31st of the prior year. Example: Eligible tenants who apply for DRIE in 2009 will have their rent frozen at the amount they were paying on December 31, 2008.

LANDLORD'S TAX CREDIT

A building owner with DRIE tenants generally receives a dollar-for-dollar abatement credit equal to the difference between the legal rent and the rent that the DRIE tenant will be paying due to the rent freeze. If a tenant who pays a preferential rent is approved for DRIE, the tenant's rent will be frozen at the preferential level in effect under the prior lease. However, the tax credit is the greater of the difference between the current legal rent and the previous legal rent or the current preferential rent and the previous preferential rent.

Owners will see their tax credit on the Statement of Account they receive either semi-annually or quarterly. The credit for a year of rent will be divided between the two or four Statements an owner receives each year. In other words, if a DRIE-tenant is paying \$100/month less than the legal rent, Finance will give the building owner a tax credit of \$1,200 for that year. If the owner pays property tax on a quarterly basis, the owner will receive one-quarter of the total credit - or \$300 - for each quarter. If the owner pays property tax on a semi-annual basis, the owner will receive one-half of the total credit - or \$600 - for each semi-annual period.

TO APPEAL A TENANT'S DRIE APPROVAL

Building owners or management who wish to appeal a tenant's DRIE approval may do so by submitting an Application for Appeal within 60 days of receiving Finance's notification of the tenant's approval. The application instructions explain what documentation is required to support your claim. An Application for Appeal can be printed from the Finance web site at: nyc.gov/finance or obtained by calling Finance Customer Assistance at (212) 504-4080.

FREQUENTLY ASKED QUESTIONS

Will I receive a check from Finance if I am approved for DRIE?

No. DRIE freezes the tenant's rent and gives the landlord a tax credit against property tax due to make up the difference between the legal rent and the DRIE-approved rent. There is no direct payment of any kind.

Does DRIE cover major capital improvements (MCIs) and other increases that are not "rent"?

In many cases, DRIE covers MCIs and increases caused by fuel costs. It does not cover individual apartment increases. Additionally, tenants remain responsible for paying additional charges including but not limited to parking spaces, hall closets, and dishwashers. The tenant must provide Finance with a copy of the MCI Order granting the increase and/or a copy of the Notice to Tenant of fuel cost adjustment so Finance can properly continue the tenant's benefit and recalculate your tax abatement credit.

Can I refuse to honor a tenant's DRIE approval?

If you believe that Finance has approved a DRIE rent freeze for a tenant who does not meet the eligibility criteria, you have 60 days from the date you are notified to file an appeal. However, until such time as there has been a resolution to an appeal, the rent set in the most recently issued Approval Order is the amount to which you are entitled to collect from the tenant. DRIE is the law. It is not voluntary.

One of my tenants was approved for DRIE, but the effective date was several months before the tenant or I were notified of the approval. During the intervening months, this tenant has been paying more rent than is due under DRIE. The tenant says that I owe a refund. Is this true?

Yes. Let's say that this tenant applied for DRIE on January 1, 2006. The tenant has been paying the full rent of \$650/month each month. The tenant receives the DRIE approval on April 15th, and the rent has been frozen at the amount paid under the previous lease - \$600/month. The effective date is February 1st.

For February, March, and April, the tenant paid \$50 more than required under DRIE, so you owe the tenant a refund of \$150. From this point forward, the tenant is required to pay \$600, no matter what the legal rent is. You will receive a dollar-for-dollar tax credit for the difference between \$600 and the current legal rent.

How will Finance know when a new lease goes into effect and my tax credit should be adjusted to reflect the higher legal rent?

In order to retain the DRIE benefit, tenants are required to renew/recertify every two years, or at the end of the term of their lease, whichever occurs sooner. If a landlord does not receive a notification from Finance increasing the amount of the tax credit within two months of the start of the new lease the landlord should notify Finance by fax or mail and include a copy of the new signed lease, with the name and Application ID (App ID) of the DRIE-tenant.

CUSTOMER ASSISTANCE

BY PHONE:

For more information call 212-504-4080 or call 311.
Outside New York City call 212-NEW YORK or 212-639-9675.
TTY/TTD: access for hearing-impaired call 212-504-4115.

BY FAX:

212 232-1678

ONLINE:

For more information or to download forms discussed in this brochure visit Finance at **nyc.gov/finance**

BY MAIL:

NYC Department of Finance DRIE Unit
59 Maiden Lane, 19th Floor
New York, NY 10038

Rev. 6/15/2009

