

FACT SHEET



George E. Pataki, Governor
Joseph H. Holland, Commissioner

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DIVISION OF HOUSING AND COMMUNITY RENEWAL
OFFICE OF RENT ADMINISTRATION

29 Conversion from Electrical Inclusion to Exclusion In Rent Stabilized Apartments, New York City

When a building converts from master metering of electricity (the cost of electricity is included in the monthly rent) to individual metering, the tenant becomes responsible for paying for the cost of electricity used in the apartment directly to the public utility providing the electricity. This cost was previously included in the tenant's rent but was billed directly to the owner and it is now charged separately and directly to each apartment by the public utility.

In order to convert from master metering to individual metering, an owner must first receive permission from the New York State Division of Housing and Community Renewal (DHCR), Office of Rent Administration, by submitting *Owner's Application for Termination of Rent Inclusion of Electric Current* (DHCR Form RA-70) for Rent Stabilized Apartments. If the request is granted, the owner may then proceed with the conversion. After the conversion is completed, the owner is required to reduce the tenants' rents on the first rent payment following the conversion.

The new rent established would be the result of two (2) reductions. The first would involve removing prior rent guidelines adjustments for electrical inclusion and the second would require owners to reduce the stabilized rent of each apartment by specific amounts based on usage.

The first adjustment, a weighted average based on lease terms, guidelines increases by lease term, vacancy increases, and the electrical inclusion adjustments was constructed to determine the increase in rent from 1974 to 1990. On average, DHCR found that the rent would have to be reduced by 6.6% to remove all guidelines adjustments previously built into the rent for electrical inclusion. These adjustments, ordered by the New York City Rent Guidelines Board, date back to the 1974/75 guidelines year.

After the rent stabilized tenants' rents are **permanently** reduced by this 6.6% factor, DHCR then computes the tenants' second rent reduction, which is based on usage, in **two** stages.

Stage 1 - Temporary

Stage 1 lasts for one year and becomes effective on the same date that the 6.6% reduction in the rent stabilized rent becomes effective. The rents are reduced as follows:

- 1) \$25 per month for each studio apartment.
- 2) \$30 per month for each 1 bedroom apartment.
- 3) \$35 per month for each 2 bedroom apartment.
- 4) \$5.00 more for each additional bedroom.

Stage 2 - Permanent

Stage 2 is a permanent reduction (like the 6.6% reduction) and becomes effective on the exact date that the Stage 1 reduction ends. The owner must file a Stage 2 application after one year of converted status. The rent reduction determined in Stage 2 replaces the standard rent reduction determined in Stage 1. In this stage, the rents are reduced as a result of the owner's monthly savings due to the building's conversion from master metering to individual metering. The owner's monthly savings due to individual metering conversion is determined by a formula based on the pre- and post-conversion cost of electricity, energy conservation, and the differing electrical rate structures. The owner's monthly savings are then shared among all the apartments in the building and the rents of the tenants are adjusted appropriately from the Stage 1 level. This adjustment may result in an increase or decrease from the Stage 1 level.

Owners who fail to file for the permanent Stage 2 reduction may be subject to overcharge findings and other penalties.

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

Central

92-31 Union Hall Street
4th Floor
Jamaica, NY 11433
(718) 739-6400

Lower Manhattan

156 William Street
9th Floor
New York, NY 10038
South side of 110th St. and below

Brooklyn

250 Schermerhorn Street
3rd Floor
Brooklyn, NY 11201

Bronx

1 Fordham Plaza
2nd Floor
Bronx, NY 10458

Upper Manhattan

163 W. 125th Street
5th Floor
New York, NY 10027
North side of 110th St. and above

Staten Island

60 Bay Street
7th Floor
Staten Island, NY 10301

Nassau County

50 Clinton Street
6th Floor
Hempstead, NY 11550

Rockland County

94-96 North Main Street
Spring Valley, NY 10977

Westchester County

55 Church Street
White Plains, NY 10601