



# A Landlord's Guide to DRIE

## The Disability Rent Increase Exemption

### **WHAT IS DRIE?**

The Disability Rent Increase Exemption (DRIE) is a program that offers an exemption from future rent increases to tenants with disabilities who meet all of the eligibility criteria. The program provides the landlords with a credit that is applied to their property tax in an amount equal to the rent increase they would have received from the tenant who is in the DRIE program.

The following explains who is eligible for DRIE, and how landlords are affected by the granting of the DRIE benefit. We strongly urge readers to check the Finance website at [www.nyc.gov/finance](http://www.nyc.gov/finance) for updates.

### **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 New York State Division of Housing and Community Renewal (DHCR);
- An apartment owned by a Mitchell-Lama development, Limited Dividend housing company, Redevelopment company or Housing Development Fund Corporation (HDFC) incorporated under New York State's 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.

Note: Tenants who live in public housing administered by the New York City Housing Authority are not eligible for DRIE benefits.

#### **2) Be one of the following:**

- The head of household (18 years of age or older) and named on the lease or rent order;
- 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*);
- The disabled spouse or disabled registered domestic partner of either the head of household or the tenant of record.

#### **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: For applications for the benefit received in 2012, the total aggregate household income for the calendar year 2011 cannot exceed \$19,860.
- Households of two or more: For applications for the benefit received in 2012, the total aggregate household disposable income for ALL members for calendar year 2011 cannot exceed \$28,668.

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

Aggregate income includes earned income, federal disability benefits, Workman's Compensation and other income reportable on tax returns. There are limited deductions for qualified tenants. More detailed rules for determining aggregate disposable income are specified in the instructions accompanying the DRIE application. Note that tenants receiving Section 8 benefits do not qualify for DRIE, as they are already paying less than a third of their income for rent.

## **LANDLORD NOTIFICATION**

All building owners or their managing agents will receive written notification of the DRIE approval of a tenant in their building. 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 in effect in the tenant's lease prior to the tenant's application. DRIE benefits will take effect on the first day of the month following the month in which Finance received the tenant's application.

**Rent-controlled apartments:** Rent is frozen at the amount applicant was paying on December 31st of the prior year, including any fuel cost adjustment. Example: Eligible tenants who apply for DRIE in 2012 will have their rent frozen at the amount they were paying on December 31, 2011.

**Mitchell-Lama, Limited Dividend, Redevelopment, Section 213 cooperative, and HDFC cooperative apartments:** The rent/carrying charge is frozen at the level in effect prior to the most recent rent increase. DRIE benefits will take effect on the date of the rent increase if the DRIE application was filed within 120 days of that increase. Otherwise, DRIE benefits will take effect the first day of the month following the month in which Finance received the tenant's application.

## **LANDLORD'S TAX CREDIT**

A building owner with DRIE tenants 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.

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 semiannual period.

The Department of Finance issues two notices whenever a DRIE tax credit is posted to the property tax account. The first notice is the DRIE Statement of Account which lists the total credit posted for a particular Borough, Block and Lot. The second notice is the DRIE Landlord Information Letter which breaks down the tax credit referenced in the DRIE Statement of Account by apartment number, benefit period, and tax credit amount.

A building owner who has not received either the DRIE Statement of Account or DRIE Landlord Information Letter may contact 311 to request a duplicate notice.

## **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: [www.nyc.gov/finance](http://www.nyc.gov/finance) or obtained by calling 311.

## **FREQUENTLY ASKED QUESTIONS**

### **1. Will I receive a check from Finance if the tenant is approved for DRIE?**

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

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

DRIE does not cover individual apartment increases. Tenants remain responsible for paying additional charges including but not limited to parking spaces, hall closets, and the replacement of household appliances such as dishwashers.

DRIE may pay for increases in rent resulting from MCIs, however, each case is reviewed on its own. For rent-controlled tenants, DRIE may also cover increases in the Maximum Collectible Rent (MCR) and Fuel Cost Adjustments (FCA), however, each case is reviewed on its own.

The tenant must provide Finance with a copy of the applicable rent increase order accompanied by a DRIE Adjustment to Abatement form so that Finance can recalculate your tax abatement credit.

### **3. Can I refuse to honor a tenant's DRIE approval?**

If you believe that Finance has approved the DRIE benefit for a tenant who does not meet the eligibility criteria, you have 60 days from the date of the Approval Order 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. Landlords are required to honor the Approval Order as compliance with the DRIE law is mandatory, not voluntary.

- 4. 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 1st. 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. For the remainder of the DRIE order, 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.

- 5. How do I get my DRIE abatement credit if my property is tax-exempt, or otherwise has a zero balance?**

Owners of tax-exempt properties or properties with a zero tax balance must file a refund request through the Department's website at [www.nyc.gov/finance](http://www.nyc.gov/finance). Your request for a refund check will be reviewed. If approved, a refund check will be mailed to the property owner.

## **CUSTOMER ASSISTANCE**

- Phone:** For more information call 311; Outside New York City call 212-NEW YORK or 212-639-9675. TTY/TTD: access for hearing-impaired call 212-504-4115.
- Online:** For more information or to download forms discussed in this brochure visit Finance at [www.nyc.gov/finance](http://www.nyc.gov/finance)
- Mail:** NYC Department of Finance DRIE Program  
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