

**Legal Alert: DHCR Invited Public Comment on MCI Reasonable Cost Schedule**

**August 17, 2020**

The Housing Stability and Tenant Protection Act of 2019 ("the HSTPA") requires the Division of Housing and Community Renewal (DHCR) to establish and maintain a Reasonable Cost Schedule ("RCS") for Major Capital Improvements (MCIs) based on the type of improvement and its rate of depreciation. Proposed Rent Stabilization Code § 2522.11(e) specifically provides that "Every year after adoption of this regulation, DHCR shall conduct a new survey to assess the categories of [MCIs], the classes of work within categories eligible for [MCIs] and the maximum recoverable costs listed for the types of MCI costs identified in the [RCS]."

On September 9, 2020 from 10 AM to 4:30 PM, DHCR will hold an online public hearing with respect to the MCI costs to be included in the RCS. The RCS will set forth the maximum allowable project costs for each type of MCI.

While the DHCR purportedly went through an objective process to arrive at the current RCS, which may be found in Operational Bulletin 2020-1 ([Reasonable Cost Schedule](#)), the burden is now on owners to convince DHCR that one or more of the costs enumerated in this schedule are unreasonably low, and should be adjusted upward in the next, "permanent" annual edition of the RCS. This can only be done by producing empirical evidence in the form of itemized invoices documenting costs that exceed the numbers in the schedule, e.g., \$30,800 for a new hot water heater and \$128 per square foot for a new chimney.

Owners are permitted to testify at the public hearing via teleconference or by submitting written testimony before or after the hearing. To testify at the hearing, owners must preregister by contacting Michael Berrios of DHCR at (718) 262-4816, or by email to [CostSchedule@hcr.ny.gov](mailto:CostSchedule@hcr.ny.gov). Written testimony may also be sent in advance to Mr. Berrios at DHCR, Office of Rent Administration, 92-31 Union Hall Street, 6<sup>th</sup> Floor, Jamaica, NY 11433, or by email to [CostSchedule@hcr.ny.gov](mailto:CostSchedule@hcr.ny.gov).

For more information, including the proposed regulations, visit the link ([Regulatory Information](#)).

If you would like to discuss this further, please contact Randi B. Gilbert, Esq. or Jillian N. Bittner, Esq.