



The City of New York  
DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

Tax Incentive Programs • 100 Gold Street, New York, NY 10038 • Telephone: 1-212 863-5517

J-51 PUBLIC INFORMATION BULLETIN #2

MODERATE REHABILITATION

Moderate rehabilitation is a special class of benefits in J-51. The benefits are generally higher in value than those available for the more common Major Capital Improvements (MCI) or A to A alterations. However, there are several strict rules which apply in order for a project to be eligible for these benefits.

1. Occupancy: Moderate Rehabilitation benefits were created to encourage the upgrading of existing, viable buildings. Consequently, the building must be at least 60% occupied by permanent residential tenants before, during and after construction in order to receive these benefits. (See Section 5-03(6) of the J-51 Rules and Regulations).

2. Scope of Work: Moderate Rehabilitation projects must include a major capital improvement in not less than one of the following five categories: (Refer to Section 5-03(6) for more details).

- \* Elevators
- \* Heating
- \* Plumbing
- \* Wiring
- \* Window and trim replacement

Additionally, the scope of work must have a Certified Reasonable Cost (as approved by J-51) of not less than \$2,500 for each dwelling unit in existence at the commencement of the rehabilitation, comprised entirely of Major Capital Improvements. Applicants for Moderate Rehabilitation benefits are eligible for benefits for Ordinary Repairs; however, these repair items will not be counted toward the qualifying threshold.

3. Notice to Tenants: Building owners planning to apply for moderate rehabilitation benefits must notify tenants and HPD at least 30 days and not more than 120 days prior to the commencement of any construction and/or permit issuance. This is a very strict rule. Failure to comply with the letter of this regulation will result in a denial of Moderate Rehabilitation benefits. Use Form MR-1 and Form MR-2 to comply with this provision. For more detail, refer to Section 2.8.

4. Benefits: Moderate Rehabilitation benefits include a 34-year exemption instead of the usual 14 years, and a maximum total abatement equal to 100% of the CRC instead of the typical 90%. Buildings rehabilitated with a loan under Articles 8, 8A, or 15 of the Private Housing Finance Law, or Section 312 of the United States Housing Act are eligible for enriched benefits equal to 150% of the CRC.

When applying for Moderate Rehabilitation benefits, be sure to check the appropriate box at the top of Form J-1 (Project Information). (Rev 1/90)

## MODERATE REHABILITATION NOTICE TO TENANTS OF WORK TO BE PERFORMED

### SAMPLE OF LETTER TO BE SENT TO TENANTS ON OWNER'S LETTERHEAD

Date \_\_\_\_\_

RE: (Street Address of the Building) \_\_\_\_\_

Dear Tenant:

This is to inform you that, as the \_\_\_\_\_ (owner or owner's representative) of the above-referenced premises, I plan to begin work soon on the rehabilitation of your building.

In connection with this work, I will apply to the City of New York for tax benefits available through Section 11-243 of the Administrative Code of the City of New York (J-51). Tax benefits under the J-51 Tax Exemption/Tax Abatement Program are granted to encourage the upgrading and preservation of the City's housing and to encourage owners to rehabilitate residential property. All improvements will be carried out while you and other tenants remain in occupancy.

This letter, and the information it contains, is provided in compliance with the J-51 requirement that tenants of the building be informed, at least 30 days but not more than 120 days prior to the start of rehabilitation, of:

- 1) the nature of the proposed work;
- 2) the identity of the owner or owner's representative; and
- 3) tenant's rights under applicable laws with respect to such work.

1. Work is expected to commence on approximately \_\_\_\_\_ (date) . Based upon present estimates, I am hopeful that the work can be fully completed within \_\_\_\_\_ months.

The nature of the work planned is: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. \_\_\_\_\_ (name) \_\_\_\_\_ will act as the owner's representative. You may contact him or her at \_\_\_\_\_ (telephone) \_\_\_\_\_, should you wish to discuss any problems you may experience as a result of the construction.

3. You are entitled to have the work in your building completed in a sound, professional manner. You are also entitled to protection from conditions which would endanger you or your property, and to the continued provision of heat, hot water, and other building services. It may, however, be difficult to complete this type of rehabilitation without some inconvenience and there may be some temporary interruption of services while work is being done. Every effort will be made to minimize such inconvenience. If any serious problems arise, contact the owner or owner's representative at the telephone number provided above. If you are still dissatisfied, contact the New York State Division of Housing and Community Renewal District Rent Office in your area. If any conditions are serious enough to endanger your life, contact the Office of Code Enforcement of the New York City Department of Housing Preservation and Development and/or consult with an attorney.

I fully intend to respect your rights while improvements are being made. It may be necessary to gain access to your apartment during the period of rehabilitation. This will, of course, be done at your convenience and you will be notified in advance. Your cooperation is requested so that work may be completed as quickly as possible.

Sincerely,

### MODERATE REHABILITATION AFFIDAVIT TO HPD CONFIRMING NOTICE TO TENANTS

STATE OF NEW YORK            )  
CITY OF NEW YORK            ) SS.  
COUNTY OF \_\_\_\_\_ )

\_\_\_\_\_ being duly sworn

depose and say:

I am the owner of the premises at \_\_\_\_\_  
Block \_\_\_\_\_ Lot \_\_\_\_\_ and make this affidavit in support of a pre-  
application for Tax Exemption/Tax Abatement benefits for the Moderate Rehabilitation of a  
substantially occupied building pursuant to Section 11-243 of the Administrative Code of the  
City of New York.

I hereby affirm that I propose to perform alterations to the said premises to constitute a  
Moderate Rehabilitation, as defined in Section 5-03(6) of the J-51 Rules and Regulations, as  
amended, governing Tax Exemption/Tax Abatement pursuant to Section 11-243 of the Admin-  
istrative Code of the City of New York, and that construction will commence on \_\_\_\_\_, 20\_\_\_\_.

I further affirm that as of the date of this affidavit, \_\_\_\_\_ apartments of a total of  
\_\_\_\_\_ apartments in said premises are occupied for residential purposes. A rent roll for  
the month of \_\_\_\_\_, 20\_\_\_\_ is attached hereto and is made a part of this affidavit.

I further affirm that each of the tenants in occupancy has been sent a written notice by  
certified mail, return receipt requested on \_\_\_\_\_, 20\_\_\_\_, stating the proposed Moderate  
Rehabilitation; the name, address, and telephone number of the owner's representative; and  
the tenant's rights under applicable provisions of law. A copy of said notice is attached  
hereto and is made a part of this affidavit.

I make these statements to induce the City of New York to grant Tax Exemption/Tax  
Abatement benefits and know the City will rely on the veracity of such statements in granting  
such benefits. This affidavit is intended to be a written instrument as defined in Section 175  
of the Penal Law and I understand that any false statement is punishable as a Class E felony  
which provides a term of imprisonment not to exceed four years.

Sworn to me this

\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_ Affiant Signature

\_\_\_\_\_ Name

\_\_\_\_\_ Title

\_\_\_\_\_ Notary Public

\_\_\_\_\_ Name of Entity  
(if applicable)