421-a & Rent Stabilization Tenant Fact Sheet

This Fact Sheet is intended to lay out basic information about 421-a, a New York State property tax exemption, and rent stabilization. The answers below seek to explain how to learn about the status of your building and apartment, and provide contact information for additional guidance.

The information provided here is not a substitute for the definitions, interpretations, etc., contained in the applicable laws and rules, or any administrative or court decision construing such statutes, codes and regulations. Additionally, you may wish to consult your personal legal representative for specific questions about your rights under rent stabilization and the 421-a tax benefits program.

How Does 421-a Affect Me?

If your rental building is receiving a 421-a property tax benefit, your building and/or apartment may be subject to rent stabilization and the rights and protections that come with it.

What is 421-a?

“421-a” refers to a section of the New York State Real Property Tax Law that exempts certain new multiple dwellings from local property taxation. These laws are, or have been, adopted by the New York State and City Legislatures and are designed to incentivize developers to build multiple dwellings, in exchange for partial tax benefits over a certain period of time. In particular, because of the tax benefit, rental apartments are often subject to rent stabilization, usually also only for a certain time period.

This section of the law is enacted for a few years at a time and then expires, unless renewed. Each time this law has expired, the legislators generally have renewed it, often adding changes and updates. Therefore, the program has evolved over the years. Determining which version of the 421-a laws might apply to your building will depend on certain factors, including when construction of your building started.

Please see below for more detailed information about how the different versions of 421-a of may affect you as a tenant.

What is rent stabilization?

Rent stabilization refers to a set of laws that apply to some rental apartments and that are generally designed to protect tenants. These laws govern many different aspects of the apartments they cover, including whether a tenant has the right to renew the lease at the end of the lease term and whether there are succession rights for certain family members. In addition, for NYC, the Rent Guidelines Board determines how much the rent can increase every year or two. The New York State Division of Homes and Community Renewal (DHCR) is the agency in charge of rent stabilization. You can find more information on their website.
There are many ways that an apartment may be subject to the rent stabilization laws. A building receiving 421-a benefits is one way that an apartment can be covered. However, your apartment may be subject to rent stabilization even if your building does not receive 421-a benefits, or your apartment may be subject to rent stabilization for more than one reason. Therefore, you may wish to consult your personal legal representative to answer questions about your specific situation. See below for additional information resources.

What does it mean if my apartment is subject to rent stabilization because of 421-a?

The Rent Stabilization Laws provide tenants in rent stabilized apartments with various rights. For example, the owner of your building must provide you with a rent stabilized lease both when you first move in and also each time you renew your lease for your choice of either a one or two year term, for as long as your apartment remains stabilized. When you renew your lease, your rent can only be increased as the Rent Stabilization Laws and applicable tax benefit laws permit. In addition, if your apartment is stabilized because your building receives 421-a benefits, your lease must contain a rider that explains this and also indicates the approximate date when the 421-a benefits will expire. See below for the first page of a rent stabilized lease rider that should accompany a vacancy lease and a rent stabilized renewal lease.
How can I find out if my building is receiving 421-a benefits right now?

You can look up your building to see if it is currently receiving 421-a benefits by going to the NYC Department of Finance’s Property Benefit Lookup page, found at NYC Finance.

If your building is receiving 421-a tax benefits, the owner of your building is required to let you know in a lease rider to your rent stabilized lease (as well as in each renewal lease) approximately when these benefits and your unit’s rent stabilized status are scheduled to expire.

What should I do if I have questions about my rent stabilization?

If you have questions about the amount of rent the owner of your building is charging you or concerns that your rights under the Rent Stabilization Laws are being violated, you can file a complaint with the New York State Homes and Community Renewal’s Office of Rent Administration.

What happens when my building’s 421-a tax benefits expire?

The 421-a tax benefit program has existed for many years and has taken many different forms. What happens when your building’s 421-a benefits expire depends on a few factors, including when your building was built and what type of unit you live in, as further explained below.

Rental buildings receiving a 421-a property tax benefit may have two types of units: those with income restrictions and those without. These may also be known as 421-a “affordable” units or 421-a “market” units.

The outline below describes the general rules that may vary from building to building for these two types of units:

1. 421-a income-restricted (affordable) rental units
   a. In buildings that started construction before July 1, 2008, 421-a income-restricted units that were built without governmental assistance cannot be deregulated until the first vacancy after the expiration of the 421-a benefit period. In buildings with governmental assistance (in other words, they are subject to a regulatory agreement prohibiting deregulation after the benefit period), 421-a income-restricted units also remain rent stabilized until the expiration of the regulatory agreement period.
   b. In buildings that started construction on or after July 1, 2008, and on or before December 31, 2015, 421-a income-restricted units must remain both affordable and rent stabilized for at least 35 years from the building’s completion of construction, and tenants holding a lease and living in a 421-a income-restricted units at the
expiration of the 35-year period have the right to remain as rent stabilized tenants for as long as they live there.

c. **421-a(16)** income-restricted rental units must remain affordable and rent stabilized for 35 years from the building’s completion (**not** from when the construction started), or for buildings with 300 or more apartments in the Brooklyn, Manhattan or Queens Enhanced Affordability Areas, as defined in 421-a(16)(a)(xix),(xluii) and (xivi), for 40 years from the building’s completion. Tenants holding a lease and living in such 421-a income-restricted units have the right to remain as rent stabilized tenants after the benefit period ends for as long as they live there.

2. **421-a** rental units without income restrictions (market-rate units)

a. **In buildings that started construction prior to July 1, 2008**, rental units without 421-a income restrictions can be deregulated upon the first lease renewal after the expiration of the 421-a benefit period if the previous lease and renewal leases for the tenant living in the unit at the time of deregulation has included a notice in at least 12 point type stating that the unit shall be deregulated when the tax benefit period expires. The notice must also specify the approximate date that deregulation is scheduled to happen.

b. **In buildings which started construction on or after July 1, 2008 and on or before December 31, 2015**, rental units without 421-a income restrictions can be deregulated upon the first lease renewal after the expiration of the 421-a benefit period, provided that the lease and renewal leases for such unit for the tenant living in such unit at the time of such deregulation, has included a notice in at least twelve point type informing such tenant that the unit shall become subject to such deregulation upon the expiration of such tax benefit period and the approximate date on which such tax benefit period is scheduled to expire.

c. **421-a(16)** rental units without income restrictions (regardless of when the buildings started construction) must be rent stabilized only if their rents fall below the vacancy decontrol threshold. They may be deregulated if, upon a vacancy during the 421-a(16) benefit period, their rents exceed this vacancy decontrol threshold.

**How do I know whether I live in an apartment with or without 421-a income restrictions? And how do I find out when construction started?**

If you live in a 421-a income restricted unit, you should have been required to provide information about your household’s income prior to being offered your apartment. Your apartment should also be identified as a 421-a income-restricted apartment in HCR’s annual rent registrations and can be looked up [here](#). Your building’s 421-a benefits certificate of eligibility, which is a document filed with the [New York City Department of Finance](#), should list its construction start (or “commencement”) date.
Can my landlord charge a 2.2% surcharge during the phase-out of the 421-a benefits my building is receiving?

A building receiving 421-a benefits may be allowed to add an annual 2.2% surcharge to the rent for some units during each year of the phase-out period of the building’s 421-a benefits (i.e., when the tax exemption is reduced from a 100% exemption to an 80% exemption, followed by a 60% exemption, etc.). The 2.2% surcharge is not collectible from the following categories of units in such buildings:

(a) 421-a affordable units that were built without governmental assistance pursuant to Section 6-08 of HPD Rules,
(b) 421-a affordable units that were built with governmental assistance pursuant to Section 6-08 of HPD Rules and that are subject to a regulatory agreement prohibiting the collection of such surcharges, and
(c) GEA SGA units and GEA 60% AMI units pursuant to Section 6-09 of HPD Rules (these are two different types of 421-a income-restricted units in buildings that commenced construction on or after July 1, 2008 and on or before December 31, 2015, as defined in 28 RCNY 6-09).
(d) All rental units in buildings that receive 421-a(16) benefits.

What should I do if DOF says that my building receives 421-a benefits but my lease is not stabilized?

If you checked the DOF website and your rental building is receiving 421-a benefits, but you do not have a rent stabilized lease, please contact HPD’s Compliance & Enforcement unit via email for assistance. If you have any other general questions about 421-a and HPD, please contact 421-a Customer Service at 421_customerservice@hpd.nyc.gov.

If you have additional questions about your tenancy or are worried about facing eviction, you may contact the Mayor’s Office to Protect Tenants (MOPT) for additional information. Finally, if you think that the owner of your building is not following the rent stabilization laws (for example, if you think they are illegally deregulating apartments or if you think they made a mistake in your leases or lease riders), you can file a complaint with the New York State Homes and Community Renewal’s Office of Rent Administration.