

## SECTION 4. CONDITIONS IMPOSED FOR THE BENEFITS

The J-51 Program charges a filing fee. In addition, the Program requires that all rental units in buildings receiving benefits be subject to rent stabilization if not already rent stabilized or controlled. The Program also limits the MCI rent increase allowed under the Rent Stabilization Code for rehabilitation work on regulated buildings.

### A. Filing Fee

At the time an application is filed, the applicant must pay an application fee of \$100. At the time a Certificate of Eligibility is issued, the applicant must pay an additional fee equal to 0.4% of the CRC in excess of \$5,000. This calculates to \$4 per \$1,000 in CRC.

In addition, as noted in Section 5 below, the total final fee for the Certificate of Eligibility are doubled if the applicant fails to file a Notice of Intent (Form J-11) with the HPD Tax Incentives Unit before work begins.

Fees must be paid by certified, cashier's or attorney's check or the personal check of the owner or filing agent. Checks should be made payable to "NYC Department of Finance."

### B. Rent Regulation

A rental unit which receives J-51 *exemption* and/or *abatement* benefits must be registered with the Division of Housing and Community Renewal (DHCR) and subjected to rent stabilization for the full term of the J-51 benefits, regardless of whether the rental unit would otherwise have been subject to the Rent Stabilization Law.

In the case of newly stabilized rental units, the initial registered rent is the amount for which the owner rents the unit at the time of initial registration. The J-51 Program *does not* impose a limit on this amount.

A rental which was not rent stabilized before receiving J-51 benefits will remain rent stabilized only for the period of J-51 benefits if the lease gives the tenant notice that rent stabilization will expire at that time. If the lease fails to contain the required notice, the unit will be destabilized only at the time of the first vacancy after J-51 benefits expire.

### **C. MCI Rent Increase Limitation**

Owners who obtain an increase in legal registered rent from the Division of Housing and Community Renewal (*DHCR*) pursuant to the Rent Stabilization Code for work receiving J-51 benefits must waive a portion of the rent increase equal to 50% of the tax abatement benefit received. Following the expiration of the tax abatement, the owner may collect the full amount of the annual rent adjustment granted by *DHCR*.

### **D. Relocation Award**

Conversion projects involving buildings with former manufacturing or commercial uses that have also displaced commercial tenants may have to make relocation payments to displaced tenants in order to receive J-51 benefits. Consult Section 11-243z of the New York City Administrative Code for more information.