



The Importance of Confirming DHCR Pre-Approval for Substantial Rehabilitation

What is Substantial Rehabilitation?

Substantial rehabilitation refers to an extensive renovation project undertaken in a rent-stabilized or rent-regulated building, where at least 75% of the building's systems—including plumbing, electrical, heating, and structural components—are replaced due to the property being in a substandard or severely deteriorated condition. If a building meets the legal criteria for substantial rehabilitation, it may become exempt from rent stabilization laws, allowing landlords to convert units to free-market status and charge market-rate rents. However, the New York State Division of Housing and Community Renewal (DHCR) oversees and determines whether a building qualifies for this exemption based on specific regulatory guidelines.

In recent years, regulations on substantial rehabilitation have become more stringent, requiring buildings to be in a substandard or severely deteriorated condition. Our law firm can help you proactively secure confirmation from DHCR, ensuring compliance before you begin major renovations. By obtaining this confirmation in advance, property owners can avoid costly delays and unexpected challenges, ultimately saving both time and financial resources.

Why is DHCR Pre-Approval Critical?

Our firm can assist in obtaining confirmation from DHCR that a building is in a substandard or seriously deteriorated condition before any work begins. While landlords are not required to obtain this confirmation before proceeding with rehabilitation, waiting to find out after work is completed may create uncertainty if DHCR does not agree that the building was in seriously deteriorated condition. Securing this confirmation early allows property owners to move forward with confidence and avoid costly disputes over whether the rehabilitation will ultimately qualify for exemption from rent regulation.

The confirmation process establishes that:

- The building meets DHCR's definition of substandard or seriously deteriorated condition, which is a requirement for substantial rehabilitation eligibility.
- At least 75% of the building-wide and individual apartment systems require replacement.
- The proposed scope of work aligns with DHCR standards for substantial rehabilitation.

What is Required to Obtain DHCR Pre-Approval?

To obtain DHCR's confirmation that a building is in a substandard condition, property owners must submit documentation that supports the claim. Our firm can assist in compiling and submitting the necessary materials, which generally include:

- ✓ **Engineering Report or Architect Certification** – A professional assessment confirming the deteriorated condition of the building and detailing

the required rehabilitation work.

✓ **Detailed Statements from Licensed Professionals** – Reports from architects or engineers that outline the extent of deterioration and the necessity of system replacements.

✓ **Photographic Evidence and Inspection Reports** – Documentation demonstrating the current condition of the building, including structural and system deficiencies.

✓ **Scope of Work Plan** – A clear and comprehensive outline of the work that will be completed to bring the building into habitable condition.

✓ **Proof of System Replacements** – Documentation showing that at least 75% of major building systems require replacement.

How This Benefits Landlords By obtaining DHCR confirmation before proceeding with rehabilitation, property owners can:

✓ **Ensure regulatory compliance** and reduce the risk of costly disputes.

✓ **Avoid unnecessary expenditures** on renovations that may not qualify for exemption.

✓ **Streamline the process** of substantial rehabilitation approval and expedite future filings.

✓ **Gain certainty** that the investment in rehabilitation will lead to the intended regulatory outcome.

How We Can Assist At James G. Dibbini & Associates, P.C., we have extensive experience assisting property owners with navigating DHCR regulations, including:

- Reviewing building conditions to determine substantial rehabilitation eligibility.
- Preparing and submitting required documentation for DHCR confirmation.
- Coordinating with engineers, architects, and inspectors to gather necessary evidence.
- Advising on compliance strategies to ensure a smooth rehabilitation process.

Don't wait until after the work has begun to find out if your property qualifies. Contact us today to discuss your rehabilitation plans and obtain the necessary confirmation from DHCR before proceeding with your project.

The attorneys at James G. Dibbini & Associates, P.C. collectively have over 60 years of experience providing legal services in the areas of:

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