



**New York State
Division of Housing and Community Renewal
Office of Rent Administration**

*Operational Bulletin 2014-2
(Replaces Operational Bulletin 95-1)*

***Collectibility of MCI/IAI Increases
Where the Rent is Reduced Because
of Diminution of Services
Implementing
New York City Rent Stabilization Law (RSL)
Emergency Tenant Protection Act of 1974 (ETPA)
New York City Rent and Rehabilitation Law (City Rent Control Law)
Emergency Housing Rent Control Law (State Rent Control Law)***

This Operational Bulletin is issued pursuant to section 2527.11 of the Rent Stabilization Code, the Emergency Tenant Protection Regulations adopted under the Emergency Tenant Protection Act; section 2209.8 of the City Rent and Eviction Regulations; and section 2109.8 of the State Rent and Eviction Regulations. It is intended to serve as a revised explanatory statement of DHCR's general policy regarding the effect of rent reduction orders upon the collectibility of Major Capital Improvement (MCI) and Individual Apartment Improvement (IAI) Rent Increases.

1. Section 2523.4 of the Rent Stabilization Code authorizes tenants to apply to the Division for a reduction of the legal regulated rent to the level in effect prior to the most recent guidelines adjustment, and provides that such order reducing the rent bars the owner from applying for or collecting any further rent increases until the services are restored. The issuance of a rent restoration order results in the prospective elimination of this sanction.
2. Section 2503.4 of the Tenant Protection Regulations also authorizes tenants to apply to the Division for a reduction of the legal regulated rent to the level in effect prior to the most recent guidelines adjustment.
3. Similarly, sections 2202.16 and 2102.4 of the City and State Rent and Eviction Regulations, respectively, provide authority for the Administrator to order decreases in rent controlled maximum rents upon a showing of reduction in services.

Based on the Rent Code Amendments of 2014, the above provisions of the Regulations are to be effectuated in the following manner:

- A. Where an MCI rent increase application was granted and collection of the increase commenced prior to the issuance of a rent reduction order, the owner will be permitted to continue to collect the MCI increase regardless of the effective date of the rent reduction order, even if such date is prior to the effective date of the order granting the MCI increase. However, pursuant to the Rent Code Amendments of 2014, an owner cannot collect the portion of an MCI rent increase, permanent or temporary, that is scheduled to become collectible after the issuance date of the DHCR rent reduction order. It will become collectible, prospectively only, from the effective date of a DHCR Rent Restoration Order.

This document is being issued for informational purposes only.

The original document which contains signatures of authorization is on file at DHCR's Office of Rent Administration.

- B. In addition, the collectibility of IAI increases has been changed. If a DHCR rent reduction order is issued after the collection of an IAI increase has commenced, and the effective date of the order precedes the collection of the IAI, the IAI increase can no longer be collected. Any increase collected after the effective date of the rent reduction order will need to be refunded to the tenant and the IAI increase cannot be collected until the effective date of a DHCR Rent Restoration Order.

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