



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

Operational Bulletin 2023-4 (November 30, 2023)
(Replaces Operational Bulletin 2014-2)

**Collectibility of MCI/IAI Increases
Where the Rent is Reduced
Because of Diminution of Services**

This Operational bulletin 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, as modified by the new rent regulations that became effective November 8, 2023.

1. 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. 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, 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.

Changes to the above provisions of the regulations effective November 8, 2023 are effectuated in the following manner:

When DHCR issues an order finding a decrease in service and grants a rent reduction, the rent is reduced to the rent in effect prior to the most recent guidelines adjustment which is also referred to as the vacancy or renewal lease rent adjustment. Any MCI or IAI rent increase whose collection commences on or after the date of the most recent guideline adjustment cannot be collected until DHCR issues a rent restoration order. If the MCI or IAI rent increase collection had already commenced, in addition to suspending the continued collection of the rent increase, the owner will be required to refund to the tenant those increases previously collected. The filing of a PAR against the rent reduction order will hold the refund in abeyance until the PAR decision is issued. However, it will not affect the prospective suspension of the MCI or IAI rent increase.

This document is being reissued for informational purposes only.

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

Prior to November 8, 2023, and based on the prior Rent Code Amendments of 2014, the above provisions of the regulations were 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.
- 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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for Rent Administration
Issued November 30, 2023