

Collectibility of Major Capital Improvement (MCI) and/or Individual Apartment Improvement (IAI) Rent Increases (Where the Rent is Reduced Because of Diminution of Services)

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The Rent Stabilization Code (RSC) authorizes tenants to apply to the DHCR 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.

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 adjustment.

Similarly, the City and State Rent and Eviction Regulations provide authority for the Administrator to order decreases in rent controlled maximum rents, by a specific dollar amount, upon a showing of reduction in services.

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 Fact Sheet is a summary of this topic. For a detailed discussion, please refer to: Operational Bulletin 2023-4, "Collectibility of MCI/IAI Increases Where the Rent is Reduced Because of Diminution of Services."



➤ **Rent Connect:**
rent.hcr.ny.gov

✉ **Ask a question:**
portal.hcr.ny.gov/app/ask

🗣️ **For translation help:**
hcr.ny.gov/language-accessibility

➤ **Our website:**
hcr.ny.gov/rent

To visit a Borough Rent Office, by appointment only, please contact:

QUEENS

92-31 Union Hall Street
6th Floor
Jamaica, NY 11433
718-482-4041

BROOKLYN

55 Hanson Place
6th Floor
Brooklyn, NY 11217
718-722-4778

UPPER MANHATTAN

163 W. 125th Street
5th Floor
New York, NY 10027
212-961-8930

LOWER MANHATTAN

25 Beaver Street
New York, NY 10004
212-480-6238

BRONX

1 Fordham Plaza
4th Floor
Bronx, NY 10458
718-430-0880

WESTCHESTER

75 South Broadway
3rd Floor
White Plains, NY 10601
914-948-4434