

# FACT SHEET



Andrew M. Cuomo, Governor

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DIVISION OF HOUSING AND COMMUNITY RENEWAL  
OFFICE OF RENT ADMINISTRATION

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

Section 2523.4 of 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.

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 adjustment.

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, by a specific dollar amount, upon a showing of reduction in services.

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 even if the effective date of the rent reduction order 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. **(See Example #1 below)**

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. **(See Example #2 below)**

### Examples

#### **Example #1**

On January 7, 2013, Mrs. Johnson received an MCI rent increase order that raised her rent by \$60. Her collectible rent increase, payable on February 1, 2013, was limited to \$42 due to the 6% increase per year limitation. The balance of the increase, which is \$18, was scheduled to become collectible one year later on February 1, 2014.

However, ten months later, in November 2013, Mrs. Johnson received a rent reduction order for decreased services from DHCR. On February 1, 2014, the rent reduction was still in effect, and therefore, Mrs. Johnson did not have to pay the \$18 balance of the MCI.

Subsequently, on September 15, 2014, she receives a DHCR rent restoration order that has an effective date of July 1, 2014. As such, on October 1, 2014, her rent will increase by \$18 and it will be collectible retroactive to July 1, 2014. Therefore, she will also owe \$54 (\$18 a month for the months of July, August and September.)

**Rent InfoLine (718) 739-6400**

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Email address: [rentinfo@nyshcr.org](mailto:rentinfo@nyshcr.org)

## **Example #2**

On March 1, 2014, Mr. Williams starts paying an IAI rent increase of \$20 for a new stove.

On June 15, 2014, he receives a DHCR rent reduction order for a broken window which has an effective date of February 1, 2014.

On July 1, 2014, Mr. Williams' collectible rent will be reduced by a lease renewal guideline adjustment and the \$20 IAI increase. This reduction will also be owed to him for the months of March, April, May and June.

On November 18, 2014, DHCR issues a rent restoration Order that has an effective date of October 1, 2014. On December 1, 2014, Mr. Williams' rent will be increased by the lease renewal guideline adjustment and the \$20 IAI increase and it will be collectible retroactive to October 1, 2014. Therefore, Mr. Williams will also owe the rent increase for the months of October and November.

*For more information or assistance, call the DHCR Rent Infoline, or visit your Borough or County Rent Office.*

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