



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

*Operational Bulletin 95-1 (August 21, 1994)*

***Collectibility of MCI/OI 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 an explanatory statement of DHCR's general policy regarding the effect of rent reduction orders upon the collectibility of Major Capital Improvement (MCI) and Owner Individual Apartment Improvement Rent Increases (OI).

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 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.

Effective immediately, 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.

*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.*



- B. Similarly, regardless of its effective date, a rent reduction order will not affect the continued collection of an OI increase, if collection of the increase began prior to the issuance of the order, whether or not DHCR approval was required for the collection of the increase.\*
  - C. No other rent increases may be collected after the effective date of the rent reduction order, until a rent restoration order is issued.
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\* The Rent Regulation Reform Act, effective July 7, 1993, removed OI's from DHCR's jurisdiction. Prior to that date, owners were required to apply to the Division for approval of an OI in the ETPA and Rent Control jurisdictions. Such approval was not required for owners of rent stabilized housing accommodations located in New York City. Applications filed before July 7, 1993 were either determined by the Division before that date, or subsequently dismissed.

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