

Eliot Spitzer
Governor



Deborah VanAmerongen
Commissioner

New York State Division of Housing and Community Renewal
Office of Rent Administration
Gertz Plaza
92-31 Union Hall Street
Jamaica, NY 11433

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Your letter to Michael Rosenblatt has been directed to me for a response.

In your letter, you give an example of four overlapping MCI rent increases in a single building and ask how they should be computed for a four room apartment. More specifically, you ask whether your three pages of calculations are correct, and within those calculations ask several questions about the calculations themselves.

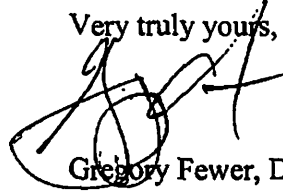
The purpose of the opinion letter process is to offer general advice and information. Computing specific MCI increases is beyond that purpose. Accordingly, I will state the general rules that you can use to make such computations.

- The Code prohibits the collection of more than one six-percent increase for MCIs in one year, the six percent being computed from the rent roll submitted with the MCI application.
- The Bryant Avenue case held that any increases for MCI arrears must be included within the same six percent limitation as for the underlying MCI.
- DHCR policy directs that the permanent increases be added to the rent prior to, or simultaneously with, the corresponding increase for arrears.
- In the case of multiple MCIs, the arrears for, say MCI number one should be added to the rent prior to, or simultaneous with, the permanent increase for MCI number two.
- On the one year anniversary date of the first six percent increment, up to another six percent can be added.
- If a six percent increment contains increases, either permanent or for arrears, from, say, MCI number one and also from MCI number two (or higher), the 6% is calculated only from the rent roll for the first MCI. In general, the 6% is always calculated from the rent roll of the oldest MCI for which the 6% increment includes an increase. Put another way, the rent roll for a later MCI is not used to calculate a 6% increment until all increases for the earlier MCIs are already included in the rent.

- Notwithstanding the six percent rule, the entire permanent MCI increase takes effect on the effective date of the MCI order. Therefore, the first Guidelines increase which is calculated from a rent which reflects the MCI rent increase is computed using the full increase in the base rent. That is, the six percent limitation affects only collectivity.
- MCI rent increases are retroactive. Therefore, if a Guidelines increase had been taken subsequent to the effective date of the MCI rent increase, but before the issuance of the MCI order granting the increase, and the effective date of the MCI rent increase is on, or prior to, the September 30th which preceded the date of the Guidelines increase, the Guidelines increase can be recomputed to reflect the MCI rent increase. The arrears, if any, for the Guidelines increase are collected along with the arrears for the MCI increase itself, and are subject to the same six percent limitation as the MCI permanent rent increase and the MCI arrears.

I hope this letter has addressed your concerns. However, please be advised that this opinion letter is not a substitute for a formal agency order issued upon prior notice to all parties, such parties having been afforded the opportunity to be heard.

Very truly yours,



Gregory Fewer, Director
Policy Unit

GF/mga

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