

S T A T E O F N E W Y O R K

5084--A

2013-2014 Regular Sessions

I N S E N A T E

May 8, 2013

Introduced by Sen. YOUNG -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development -- recommitted to the Committee on Housing, Construction and Community Development in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the private housing finance law, in relation to rentals and selection of tenants in limited-profit housing company projects; and to repeal subdivision 5 of section 31 of such law relating to continued occupancy by certain tenants in such projects

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Subdivision 1 of section 31 of the private housing finance
2 law is amended by adding a new paragraph (a-1) to read as follows:
3 (A-1) NOTWITHSTANDING ANY INCONSISTENT PROVISION OF ANY OTHER GENERAL,
4 SPECIAL OR LOCAL LAW, WITH RESPECT TO MUNICIPALLY-AIDED PROJECTS IN A
5 CITY WITH A POPULATION OF ONE MILLION OR MORE, UNLESS THE COMPANY NOTI-
6 FIES THE SUPERVISING AGENCY IN ACCORDANCE WITH PROCEDURES ESTABLISHED BY
7 RULE OF SUCH AGENCY THAT IT DOES NOT REQUIRE AN INCREASE IN ITS RENTAL
8 RATE OR IS MAKING APPLICATION FOR A PROJECT-SPECIFIC INCREASE IN ITS
9 RENTAL RATE, THE RENTAL RATE FOR THE DWELLINGS IN ANY SUCH PROJECT SHALL
10 BE INCREASED ANNUALLY ON JULY FIRST IN AN AMOUNT EQUAL TO THE ONE YEAR
11 RENEWAL LEASE GUIDELINE PROMULGATED BY THE RENT GUIDELINES BOARD OF THE
12 CITY OF NEW YORK THEN IN EFFECT, AND NO FURTHER PROCEDURES SHALL BE
13 REQUIRED TO EFFECTUATE SUCH RENTAL RATE INCREASES. WITH RESPECT TO SUCH
14 MUNICIPALLY-AIDED PROJECTS, WHERE THE COMPANY HAS NOTIFIED THE SUPERVIS-
15 ING AGENCY IN ACCORDANCE WITH SUCH ESTABLISHED PROCEDURES THAT IT DOES
16 NOT REQUIRE ANY INCREASE IN ITS RENTAL RATE OR IS MAKING APPLICATION FOR
17 A PROJECT-SPECIFIC INCREASE IN ITS RENTAL RATE, OR IF THE SUPERVISING
18 AGENCY DETERMINES THAT SUCH PROJECT REQUIRES AN INCREASE IN RENTAL RATE
19 OTHER THAN THE ONE YEAR RENEWAL LEASE GUIDELINE PROMULGATED BY THE RENT

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets [] is old law to be omitted.

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1 GUIDELINES BOARD OF THE CITY OF NEW YORK, THE SUPERVISING AGENCY MAY
2 VARY SUCH RENTAL RATE FOR SUCH PROJECT FROM SUCH GUIDELINE ON NO MORE
3 THAN AN ANNUAL BASIS PROVIDED THAT THE ALTERNATIVE RENTAL RATE WILL
4 SECURE, TOGETHER WITH ALL OTHER INCOME OF SUCH COMPANY, SUFFICIENT
5 INCOME FOR IT TO MEET WITHIN REASONABLE LIMITS ALL NECESSARY PAYMENTS,
6 TO BE MADE OR PROJECTED TO BE MADE, OF ALL EXPENSES INCLUDING FIXED
7 CHARGES, SINKING FUNDS, RESERVES AND DIVIDENDS ON OUTSTANDING STOCK AS
8 AUTHORIZED BY THE SUPERVISING AGENCY, AND NO FURTHER PROCEDURES SHALL BE
9 REQUIRED TO EFFECTUATE SUCH ALTERNATIVE RENTAL RATE. LETTING, SUBLETTING
10 OR ASSIGNMENT OF LEASES OF APARTMENTS AT GREATER RENTALS THAN THOSE
11 ESTABLISHED PURSUANT TO THIS PARAGRAPH SHALL BE UNLAWFUL. NOTWITHSTAND-
12 ING THE FOREGOING, THE PROVISIONS OF THIS SUBDIVISION SHALL NOT APPLY TO
13 ANY PROJECT:

14 (I) THAT IS OWNED BY THE FEDERAL GOVERNMENT;

15 (II) FOR WHICH THE MORTGAGE LOAN OF THE COMPANY IS INSURED OR HELD BY
16 THE FEDERAL GOVERNMENT; OR

17 (III) THAT HAS AN INTEREST REDUCTION CONTRACT PURSUANT TO SECTION TWO
18 HUNDRED THIRTY-SIX OF THE NATIONAL HOUSING ACT (12 U.S.C. S 1715Z-1).

19 S 2. Paragraph (e) of subdivision 2 of section 31 of the private hous-
20 ing finance law, as amended by chapter 474 of the laws of 2013, is
21 amended to read as follows:

22 (e) Notwithstanding the provisions of this subdivision, PERSONS OR
23 families whose probable aggregate annual income does not exceed one
24 hundred twenty-five percent of the limitations as to income, as deter-
25 mined pursuant to paragraphs (a) and (b) of this subdivision, shall also
26 be eligible for admission to the dwelling or non-housekeeping accommo-
27 dations without board of a project on the understanding that any PERSON
28 OR family becoming eligible for admission by reason hereof shall pay,
29 from the time of admission, a rental surcharge as provided for in subdivi-
30 sion three of this section, computed on the basis of the income limi-
31 tations applicable to such family in the absence of this subdivision. In
32 applying the provisions of subdivision three of this section to a PERSON
33 OR family becoming eligible by reason of this section, the maximum
34 income prescribed by law for admission or occupancy shall for all
35 purposes be computed without reference to this paragraph.

36 S 3. Subdivision 3 of section 31 of the private housing finance law,
37 as amended by chapter 778 of the laws of 1971, is amended to read as
38 follows:

39 3. In the event that the income of a person or family in occupancy
40 should increase and exceed the maximum prescribed by law for admission
41 [or for continued occupancy, based on the latest existing rent, by more
42 than twenty-five per centum], such person or family shall be [subject to
43 removal from the dwelling, non-housekeeping, aged care accommodations or
44 non-housekeeping accommodations for handicapped persons provided, howev-
45 er, that such person or family may be] permitted to remain in occupancy
46 [until such income exceeds the maximum prescribed by law by more than
47 fifty per centum, if the company, with the approval of the commissioner
48 or the supervising agency, shall determine that removal would cause
49 hardship to such person or family. Any person or family in occupancy
50 whose income exceeds the maximum prescribed by law] AND shall pay a
51 rental surcharge in accordance with a schedule of surcharges to be
52 promulgated by the company with the approval of the commissioner or the
53 supervising agency, as the case may be, provided, however, such rental
54 surcharge shall in no event exceed fifty per centum of the existing
55 rent. NOTWITHSTANDING THE PRECEDING SENTENCE, ANY SUCH PERSON OR FAMILY
56 IN OCCUPANCY WHOSE INCOME EXCEEDS SUCH MAXIMUM IN A MUNICIPALITY-AIDED

1 PROJECT IN A CITY WITH A POPULATION OF ONE MILLION OR MORE SHALL, WITH
2 THE APPROVAL OF THE SUPERVISING AGENCY, PAY A RENTAL SURCHARGE IN
3 ACCORDANCE WITH A SCHEDULE OF SURCHARGES TO BE PROMULGATED BY THE SUPER-
4 VISING AGENCY, PROVIDED, HOWEVER, THAT SUCH RENTAL SURCHARGE SHALL IN NO
5 EVENT EXCEED TWO HUNDRED PER CENTUM OF THE EXISTING RENT.

6 S 4. Subdivision 4 of section 31 of the private housing finance law,
7 as amended by chapter 743 of the laws of 1981, is amended to read as
8 follows:

9 4. Twenty-five per cent of rental surcharges collected pursuant to
10 this section on account of rentals payable prior to July first, nineteen
11 hundred eighty-one shall be paid by the company to the municipality
12 which has granted tax exemption pursuant to section thirty-three of this
13 article as a credit against the grant of tax exemption, the value of
14 such tax exemption and of such credit to be determined on an individual
15 dwelling, non-housekeeping, aged care accommodation or non-housekeeping
16 accommodations for handicapped persons unit basis. In the event that
17 such tax exemption has not been granted, or in the event that a sum
18 equal to the total of all accrued taxes as to individual dwelling, non-
19 housekeeping, aged care accommodation or non-housekeeping accommodations
20 for handicapped persons units where such tax exemption was granted have
21 been paid to the municipality, the excess if any, of surcharges and all
22 surcharges imposed after June thirtieth, nineteen hundred eighty-one
23 shall be applied to the expenses of operation and management as approved
24 by the commissioner or the supervising agency. NOTWITHSTANDING ANY
25 INCONSISTENT PROVISION OF THIS ARTICLE, WITH RESPECT TO MUNICIPALLY-AID-
26 ED PROJECTS IN A CITY WITH A POPULATION OF ONE MILLION OR MORE, ALL
27 SURCHARGES IMPOSED ON OR AFTER JULY FIRST, TWO THOUSAND FIFTEEN SHALL BE
28 PLACED IN THE COMPANY'S CAPITAL REPAIR AND CONTINGENCY RESERVE FUND, AS
29 PROVIDED FOR BY THE RULES OF THE SUPERVISING AGENCY, UNLESS SUCH AGENCY
30 APPROVES THE APPLICATION OF SUCH SURCHARGES TO THE COMPANY'S EXPENSES OF
31 OPERATION AND MANAGEMENT.

32 S 5. Subdivision 5 of section 31 of the private housing finance law is
33 REPEALED.

34 S 6. This act shall take effect immediately; provided however that:
35 (i) sections one and four of this act and the closing sentence of subdi-
36 vision 3 of section 31 of the private housing finance law, as added by
37 section three of this act, shall take effect July 1, 2015; and (ii) any
38 rule or regulation necessary for the timely implementation of any
39 provision of this act that takes effect on July 1, 2015 may be promul-
40 gated, any procedures, forms, or instructions necessary for such imple-
41 mentation may be adopted and issued, and any other acts by any govern-
42 mental agency necessary for such implementation may be taken, on or
43 after the date this act shall have become a law.