

STATE OF NEW YORK

7369

2019-2020 Regular Sessions

IN ASSEMBLY

April 26, 2019

Introduced by M. of A. EPSTEIN -- read once and referred to the Committee on Housing

AN ACT to amend the administrative code of the city of New York, the emergency tenant protection act of nineteen seventy-four and the emergency housing rent control law, in relation to the time frame for tenant responses to applications for a major capital improvement rent increase

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Paragraph 1 of subdivision g of section 26-405 of the
2 administrative code of the city of New York is amended by adding a new
3 subparagraph (g-1) to read as follows:

4 (g-1) Where an application for a major capital improvement rent
5 increase has been filed, a tenant shall have sixty days from the date of
6 mailing of a notice of such application in which to respond. The city
7 rent agency shall provide such notice by mail or, at a tenant's request,
8 by electronic mail. The city rent agency may grant such tenant a sixty
9 day extension to make an answer to the application in response to a
10 written request by such tenant which shall include a statement of good
11 cause; or

12 § 2. Paragraph 6 of subdivision c of section 26-511 of the administra-
13 tive code of the city of New York, as amended by section 29 of part A of
14 chapter 20 of the laws of 2015, is amended to read as follows:

15 (6) provides criteria whereby the commissioner may act upon applica-
16 tions by owners for increases in excess of the level of fair rent
17 increase established under this law provided, however, that such crite-
18 ria shall provide (a) as to hardship applications, for a finding that
19 the level of fair rent increase is not sufficient to enable the owner to
20 maintain approximately the same average annual net income (which shall
21 be computed without regard to debt service, financing costs or manage-
22 ment fees) for the three year period ending on or within six months of

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

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1 the date of an application pursuant to such criteria as compared with
2 annual net income, which prevailed on the average over the period nine-
3 teen hundred sixty-eight through nineteen hundred seventy, or for the
4 first three years of operation if the building was completed since nine-
5 teen hundred sixty-eight or for the first three fiscal years after a
6 transfer of title to a new owner provided the new owner can establish to
7 the satisfaction of the commissioner that he or she acquired title to
8 the building as a result of a bona fide sale of the entire building and
9 that the new owner is unable to obtain requisite records for the fiscal
10 years nineteen hundred sixty-eight through nineteen hundred seventy
11 despite diligent efforts to obtain same from predecessors in title and
12 further provided that the new owner can provide financial data covering
13 a minimum of six years under his or her continuous and uninterrupted
14 operation of the building to meet the three year to three year compar-
15 ative test periods herein provided; and (b) as to completed building-
16 wide major capital improvements, for a finding that such improvements
17 are deemed depreciable under the Internal Revenue Code and that the cost
18 is to be amortized over an eight-year period for a building with thir-
19 ty-five or fewer housing accommodations, or a nine-year period for a
20 building with more than thirty-five housing accommodations, for any
21 determination issued by the division of housing and community renewal
22 after the effective date of the rent act of 2015, based upon cash
23 purchase price exclusive of interest or service charges. Where an
24 application for a major capital improvement rent increase has been
25 filed, a tenant shall have sixty days from the date of mailing of a
26 notice of such application in which to respond. The state division of
27 housing and community renewal shall provide such notice by mail or, at a
28 tenant's request, by electronic mail. The state division of housing and
29 community renewal may grant such tenant a sixty day extension to make an
30 answer to the application in response to a written request by such
31 tenant which shall include a statement of good cause. Notwithstanding
32 anything to the contrary contained herein, no hardship increase granted
33 pursuant to this paragraph shall, when added to the annual gross rents,
34 as determined by the commissioner, exceed the sum of, (i) the annual
35 operating expenses, (ii) an allowance for management services as deter-
36 mined by the commissioner, (iii) actual annual mortgage debt service
37 (interest and amortization) on its indebtedness to a lending institu-
38 tion, an insurance company, a retirement fund or welfare fund which is
39 operated under the supervision of the banking or insurance laws of the
40 state of New York or the United States, and (iv) eight and one-half
41 percent of that portion of the fair market value of the property which
42 exceeds the unpaid principal amount of the mortgage indebtedness
43 referred to in subparagraph (iii) of this paragraph. Fair market value
44 for the purposes of this paragraph shall be six times the annual gross
45 rent. The collection of any increase in the stabilized rent for any
46 apartment pursuant to this paragraph shall not exceed six percent in any
47 year from the effective date of the order granting the increase over the
48 rent set forth in the schedule of gross rents, with collectability of
49 any dollar excess above said sum to be spread forward in similar incre-
50 ments and added to the stabilized rent as established or set in future
51 years;

52 § 3. Subdivision d of section 6 of section 4 of chapter 576 of the
53 laws of 1974, constituting the emergency tenant protection act of nine-
54 teen seventy-four, is amended by adding a new paragraph (3-a) to read as
55 follows:

(3-a) an application for a major capital improvement rent increase has been filed, a tenant shall have sixty days from the date of mailing of a notice of such application in which to respond. The state division of housing and community renewal shall provide such notice by mail, or at a tenant's request, by electronic mail. The state division of housing and community renewal may grant such tenant a sixty day extension to make an answer to the application in response to a written request by such tenant which shall include a statement of good cause; or

§ 4. Subparagraph 7 of the second undesignated paragraph of paragraph (a) of subdivision 4 of section 4 of chapter 274 of the laws of 1946, constituting the emergency housing rent control law, as amended by section 32 of part A of chapter 20 of the laws of 2015, is amended to read as follows:

(7) there has been since March first, nineteen hundred fifty, a major capital improvement required for the operation, preservation or maintenance of the structure; which for any order of the commissioner issued after the effective date of the rent act of 2015 the cost of such improvement shall be amortized over an eight-year period for buildings with thirty-five or fewer units or a nine year period for buildings with more than thirty-five units, provided, however, where an application for a major capital improvement rent increase has been filed, a tenant shall have sixty days from the date of mailing of a notice of such application in which to respond. The state division of housing and community renewal shall provide such notice by mail, or at a tenant's request, by electronic mail. The state division of housing and community renewal may grant such tenant a sixty day extension to make an answer to the application in response to a written request by such tenant which shall include a statement of good cause; or

§ 5. This act shall take effect immediately; provided that:

(a) the amendments to section 26-405 of the city rent and rehabilitation law made by section one of this act shall remain in full force and effect only as long as the public emergency requiring the regulation and control of residential rents and evictions continues, as provided in subdivision 3 of section 1 of the local emergency housing rent control act;

(b) the amendments to section 26-511 of chapter 4 of title 26 of the administrative code of the city of New York made by section two of this act shall expire on the same date as such law expires and shall not affect the expiration of such law as provided under section 26-520 of such law;

(c) the amendments to section 6 of the emergency tenant protection act of nineteen seventy-four made by section three of this act shall expire on the same date as such act expires and shall not affect the expiration of such act as provided in section 17 of chapter 576 of the laws of 1974, as amended; and

(d) the amendments to section 4 of the emergency housing rent control law made by section four of this act shall expire on the same date as such law expires and shall not affect the expiration of such law as provided in subdivision 2 of section 1 of chapter 274 of the laws of 1946.