

STATE OF NEW YORK

5533

2025-2026 Regular Sessions

IN ASSEMBLY

February 14, 2025

Introduced by M. of A. JACKSON -- 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 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 one hundred twenty days
6 from the date of mailing of a notice of a proceeding in which to answer
7 or reply. The city rent agency shall provide any responding tenant with
8 the reasons for the city rent agency's approval or denial of such appli-
9 cation; or

10 § 2. Paragraph 6 of subdivision c of section 26-511 of the administra-
11 tive code of the city of New York, as separately amended by section 12
12 of part K of chapter 36 and section 28 of part Q of chapter 39 of the
13 laws of 2019, is amended to read as follows:

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

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

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1 teen hundred sixty-eight through nineteen hundred seventy, or for the
2 first three years of operation if the building was completed since nine-
3 teen hundred sixty-eight or for the first three fiscal years after a
4 transfer of title to a new owner provided the new owner can establish to
5 the satisfaction of the commissioner that [~~he or she~~] they acquired
6 title to the building as a result of a bona fide sale of the entire
7 building and that the new owner is unable to obtain requisite records
8 for the fiscal years nineteen hundred sixty-eight through nineteen
9 hundred seventy despite diligent efforts to obtain same from predeces-
10 sors in title and further provided that the new owner can provide finan-
11 cial data covering a minimum of six years under [~~his or her~~] their
12 continuous and uninterrupted operation of the building to meet the three
13 year to three year comparative test periods herein provided; and (b) as
14 to completed building-wide major capital improvements, for a finding
15 that such improvements are deemed depreciable under the Internal Revenue
16 Code and that the cost is to be amortized over a twelve-year period for
17 a building with thirty-five or fewer housing accommodations, or a twelve
18 and one-half-year period for a building with more than thirty-five hous-
19 ing accommodations, for any determination issued by the division of
20 housing and community renewal after the effective date of the [~~the~~]
21 chapter of the laws of two thousand nineteen that amended this paragraph
22 and shall be removed from the legal regulated rent thirty years from the
23 date the increase became effective inclusive of any increases granted by
24 the applicable rent guidelines board. Temporary major capital improve-
25 ment increases shall be collectible prospectively on the first day of
26 the first month beginning sixty days from the date of mailing notice of
27 approval to the tenant. Such notice shall disclose the total monthly
28 increase in rent and the first month in which the tenant would be
29 required to pay the temporary increase. An approval for a temporary
30 major capital improvement increase shall not include retroactive
31 payments. The collection of any increase shall not exceed two percent in
32 any year from the effective date of the order granting the increase over
33 the rent set forth in the schedule of gross rents, with collectability
34 of any dollar excess above said sum to be spread forward in similar
35 increments and added to the rent as established or set in future years.
36 Upon vacancy, the landlord may add any remaining balance of the tempo-
37 rary major capital improvement increase to the legal regulated rent.
38 Notwithstanding any other provision of the law, for any renewal lease
39 commencing on or after June 14, 2019, the collection of any rent
40 increases due to any major capital improvements approved on or after
41 June 16, 2012 and before June 16, 2019 shall not exceed two percent in
42 any year for any tenant in occupancy on the date the major capital
43 improvement was approved or based upon cash purchase price exclusive of
44 interest or service charges. Where an application for a temporary major
45 capital improvement increase has been filed, a tenant shall have sixty
46 days from the date of mailing of a notice of a proceeding in which to
47 answer or reply. The state division of housing and community renewal
48 shall provide any responding tenant with the reasons for the division's
49 approval or denial of such application. Where an application for a
50 major capital improvement rent increase has been filed, a tenant shall
51 have one hundred twenty days from the date of mailing of a notice of a
52 proceeding in which to answer or reply. The state division of housing
53 and community renewal shall provide any responding tenant with the
54 reasons for the division's approval or denial of such application.
55 Notwithstanding anything to the contrary contained herein, no hardship
56 increase granted pursuant to this paragraph shall, when added to the

1 annual gross rents, as determined by the commissioner, exceed the sum
2 of, (i) the annual operating expenses, (ii) an allowance for management
3 services as determined by the commissioner, (iii) actual annual mortgage
4 debt service (interest and amortization) on its indebtedness to a lend-
5 ing institution, an insurance company, a retirement fund or welfare fund
6 which is operated under the supervision of the banking or insurance laws
7 of the state of New York or the United States, and (iv) eight and one-
8 half percent of that portion of the fair market value of the property
9 which exceeds the unpaid principal amount of the mortgage indebtedness
10 referred to in subparagraph (iii) of this paragraph. Fair market value
11 for the purposes of this paragraph shall be six times the annual gross
12 rent. The collection of any increase in the stabilized rent for any
13 apartment pursuant to this paragraph shall not exceed six percent in any
14 year from the effective date of the order granting the increase over the
15 rent set forth in the schedule of gross rents, with collectability of
16 any dollar excess above said sum to be spread forward in similar incre-
17 ments and added to the stabilized rent as established or set in future
18 years;

19 § 3. Subdivision d of section 6 of section 4 of chapter 576 of the
20 laws of 1974, constituting the emergency tenant protection act of nine-
21 teen seventy-four, is amended by adding a new paragraph 3-b to read as
22 follows:

23 (3-b) an application for a major capital improvement rent increase has
24 been filed, a tenant shall have one hundred twenty days from the date of
25 mailing of a notice of a proceeding in which to answer or reply. The
26 state division of housing and community renewal shall provide any
27 responding tenant with the reasons for the division's approval or denial
28 of such application; or

29 § 4. Subparagraph 7 of the second undesignated paragraph of paragraph
30 (a) of subdivision 4 of section 4 of chapter 274 of the laws of 1946,
31 constituting the emergency housing rent control law, as separately
32 amended by section 25 of part Q of chapter 39 and section 14 of part K
33 of chapter 36 of the laws of 2019, is amended to read as follows:

34 (7) there has been since March first, nineteen hundred fifty, a major
35 capital improvement essential for the preservation, energy efficiency,
36 functionality, or infrastructure of the entire building, improvement of
37 the structure including heating, windows, plumbing and roofing, but
38 shall not be for operational costs or unnecessary cosmetic improvements;
39 which for any order of the commissioner issued after the effective date
40 of the chapter of the laws of two thousand nineteen that amended this
41 paragraph the cost of such improvement shall be amortized over a twelve-
42 year period for buildings with thirty-five or fewer units or a twelve
43 and one-half year period for buildings with more than thirty-five units,
44 and shall be removed from the legal regulated rent thirty years from the
45 date the increase became effective inclusive of any increases granted by
46 the applicable rent guidelines board. Temporary major capital improve-
47 ment increases shall be collectible prospectively on the first day of
48 the first month beginning sixty days from the date of mailing notice of
49 approval to the tenant. Such notice shall disclose the total monthly
50 increase in rent and the first month in which the tenant would be
51 required to pay the temporary increase. An approval for a temporary
52 major capital improvement increase shall not include retroactive
53 payments. The collection of any increase shall not exceed two percent in
54 any year from the effective date of the order granting the increase over
55 the rent set forth in the schedule of gross rents, with collectability
56 of any dollar excess above said sum to be spread forward in similar

1 increments and added to the rent as established or set in future years.
2 Upon vacancy, the landlord may add any remaining balance of the tempo-
3 rary major capital improvement increase to the legal regulated rent.
4 Notwithstanding any other provision of the law, for any renewal lease
5 commencing on or after June 14, 2019, the collection of any rent
6 increases due to any major capital improvements approved on or after
7 June 16, 2012 and before June 16, 2019 shall not exceed two percent in
8 any year for any tenant in occupancy on the date the major capital
9 improvement was approved; provided, however, where an application for a
10 temporary major capital improvement increase has been filed, a tenant
11 shall have sixty days from the date of mailing of a notice of a proceed-
12 ing in which to answer or reply. The state division of housing and
13 community renewal shall provide any responding tenant with the reasons
14 for the division's approval or denial of such application; provided,
15 however, where an application for a major capital improvement rent
16 increase has been filed, a tenant shall have one hundred twenty days
17 from the date of mailing of a notice of a proceeding in which to answer
18 or reply. The state division of housing and community renewal shall
19 provide any responding tenant with the reasons for the division's
20 approval or denial of such application; or

21 § 5. This act shall take effect on the ninetieth day after it shall
22 have become a law; provided that:

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

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