

STATE OF NEW YORK

5568--A

2025-2026 Regular Sessions

IN ASSEMBLY

February 14, 2025

Introduced by M. of A. GALLAGHER -- read once and referred to the Committee on Cities -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the administrative code of the city of New York, in relation to enacting the "New York city small business rent stabilization act"

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

1 Section 1. Short title. This act shall be known and may be cited as
2 the "New York city small business rent stabilization act".

3 § 2. Title 22 of the administrative code of the city of New York is
4 amended by adding a new chapter 15 to read as follows:

CHAPTER 15

COMMERCIAL RENT STABILIZATION

7 § 22-1501 Application. This chapter applies to all leases and rental
8 agreements for commercial spaces that are renewed, renegotiated, or
9 entered into on or after July first, two thousand twenty-five.

10 § 22-1502 Definitions. As used in this chapter, the following terms
11 shall have the following meanings unless the context requires otherwise:

12 a. "Administering agency" shall mean any city agency, office, depart-
13 ment, division, bureau or institution of government, the expenses of
14 which are paid in whole or in part from the city treasury, as the mayor
15 shall designate or establish to implement and enforce the provisions of
16 this chapter.

17 b. "At-will tenant" shall mean a tenant, subtenant, lessee, sublessee,
18 or any other persons lawfully entitled to use or occupy any commercial
19 premises without a written lease or other rental agreement, who has paid
20 rent to a landlord for at least six months.

21 c. "Board" shall mean the commercial rent guidelines board established
22 by subdivision a of section 22-1503 of this chapter.

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

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1 d. "Chain business" shall mean an establishment that is part of a
2 group of establishments that share a common landlord or principal who
3 owns at least thirty percent of each establishment where such establish-
4 ments:

5 (1) engage in the same business; or

6 (2) operate pursuant to a franchise agreement with the same franchisor
7 as defined in section six hundred eighty-one of the general business
8 law.

9 e. "Commercial space" shall mean a space used or occupied for non-re-
10 sidential purposes pursuant to a valid commercial lease or other rental
11 agreement and any space that can be so used pursuant to law or regu-
12 lation.

13 f. "Commissioner" shall mean the head of the administering agency.

14 g. "Landlord" shall mean any owner, lessor, sublessor or other person
15 entitled to receive rent for the use or occupancy of any commercial
16 premises, or an agent thereof.

17 h. "Pass-along" shall mean any taxes, sewer, water or utility fee, or
18 other operating charges apportioned to a tenant in connection with the
19 use or occupancy of any commercial space, but shall not include any
20 charges that are individually metered to reflect the tenant's exclusive
21 use of such space, including water, sewer and utility fees.

22 i. "Rent" shall mean any consideration, including but not limited to
23 pass-alongs, received by the landlord in connection with the use or
24 occupancy of any commercial space.

25 j. "Services" shall mean those facilities which enhance the use of the
26 commercial premises, including, but not limited to, repairs, mainte-
27 nance, painting, heat, hot and cold water, utilities, elevator service,
28 security devices and patrols, furnishings, storage, janitorial and land-
29 scaping services, refuse removal, insurance protection, parking spaces
30 and facilities in common areas of the building or parcel in which the
31 rental unit is located.

32 k. "Tenant" shall mean a tenant, subtenant, lessee, sublessee, or any
33 other persons lawfully entitled to use or occupy any commercial prem-
34 ises.

35 § 22-1503 Commercial rent guidelines board. a. There shall be a
36 commercial rent guidelines board consisting of nine members appointed by
37 the mayor as follows:

38 (1) One public member to serve as the chairperson of the board;

39 (2) Two members representing commercial tenants which are not chain
40 businesses;

41 (3) Two members representing commercial landlords, at least one of
42 whom shall be a landlord owning ten or fewer commercial spaces; and

43 (4) Four additional public members, each of whom has at least five
44 years of experience in finance, economics, real property management,
45 community organizing, or community development, which shall not include
46 commercial landlords or persons who are employed by or representing a
47 business improvement district. No public member of the board may own or
48 manage any commercial rental property affected by the board's orders or
49 be an officer in any organization representing tenants or owners.

50 b. The members of the board, except the chairperson, shall serve stag-
51 gered terms of two years. Four members of the board originally
52 appointed, comprising one member representing tenants, one member
53 representing landlords and two public members, shall serve until January
54 first, two thousand twenty-eight. The other members of the board
55 originally appointed, excluding the chairperson, shall serve until Janu-
56 ary first, two thousand twenty-nine. Thereafter, all members shall

1 serve two-year terms on the board until their successors have been
2 appointed and qualified, except the chairperson, who shall serve at the
3 pleasure of the mayor.

4 c. The mayor shall fill any vacancy that may occur in the same manner
5 as the original appointment. A member of the board, other than the
6 chairperson, may only be removed by the mayor for cause after an oppor-
7 tunity to be heard in person or by counsel, in the member's defense,
8 upon at least ten days written notice.

9 d. The chairperson shall be the chief administrative officer of the
10 board and shall have the authority to employ, assign and supervise the
11 members of the board and enter into contracts for consultant services.
12 The commissioner shall cooperate with the board and may assign personnel
13 and perform such services in connection with the duties of the board as
14 may reasonably be required by the chairperson.

15 e. The members of the board shall be compensated on a per diem basis
16 for no more than fifty days per year at a rate to be determined by the
17 mayor, and the chairperson shall be compensated on a per diem basis for
18 no more than one hundred days per year at a rate to be determined by the
19 mayor.

20 f. The board shall establish initial guidelines for commercial rent
21 adjustments by the first of July next succeeding appointment of the last
22 member of the board. Thereafter, the board shall establish annual
23 guidelines to be filed in accordance with subdivision g of this section.
24 In determining whether to adjust rents for commercial spaces subject to
25 the commercial rent stabilization provisions of this chapter, the board
26 shall consider, among other things:

27 (1) The economic condition of the commercial real estate industry in
28 the community board district, including such factors as:

29 (i) commercial real estate taxes and sewer and water rates;

30 (ii) gross operating and maintenance costs, including but not limited
31 to insurance rates, governmental fees, fuel and labor costs;

32 (iii) costs and availability of financing, including effective rates
33 of interest; and

34 (iv) the overall supply of commercial spaces and overall vacancy
35 rates;

36 (2) Relevant data from the current and projected market values of
37 commercial rentals in the community board district;

38 (3) The socioeconomic and demographic changes in each community board
39 district based on the most recent available data, including but not
40 limited to changes in:

41 (i) the median income level;

42 (ii) education;

43 (iii) race;

44 (iv) ethnicity; and

45 (v) home ownership; and

46 (4) Any other relevant data available to the board.

47 g. Not later than July first of each year, the board shall file with
48 the city clerk its guidelines for the preceding calendar year, and shall
49 accompany such findings with a statement of the maximum rate or rates of
50 rent adjustment, if any, for all commercial spaces subject to the
51 provisions of this chapter authorized for leases or other rental agree-
52 ments commencing on the first of October next succeeding or within
53 twelve months thereafter. Such guidelines and statement shall be
54 published in the city record.

55 h. Prior to the annual adjustment of the level of rents provided for
56 under subdivision f of this section, the board shall hold at least two

1 public hearings for the purpose of collecting information relating to
2 all factors set forth in subdivision f of this section, and any other
3 relevant information as may be necessary for establishing the annual
4 adjustment guidelines. The board shall provide notice of the date, time
5 and location and a summary of the subject matter of the public hearings,
6 to be published in the city record daily for the period beginning eight
7 days prior to the hearing date, and at least once in one or more newspa-
8 pers of general circulation at least eight days immediately preceding
9 such hearing date.

10 i. Maximum rates of rent adjustment shall not be established more than
11 once annually for any commercial space subject to the provisions of this
12 chapter. Once established, no such rate shall, within the one-year peri-
13 od, be adjusted by any surcharge, supplementary adjustment or other
14 modification except as provided in section 22-1508 of this chapter.

15 j. The administering agency shall publish a form lease required to be
16 used by landlords in establishing new tenancies after the effective date
17 of this chapter.

18 § 22-1504 Stabilization provisions. a. Upon execution or renewal of a
19 lease for commercial space, the annual rent charged for the new lease
20 term shall not exceed the initial legal regulated rent or legal regu-
21 lated rent adjusted pursuant to section 22-1508 of this chapter until
22 such time as a different legal regulated rent shall be authorized pursu-
23 ant to guidelines adopted by the board established under section 22-1503
24 of this chapter. No landlord subject to the provisions of this chapter
25 shall charge or collect any rent that exceeds the initial legal regu-
26 lated rent or legal regulated rent adjusted pursuant to section 22-1508
27 of this chapter until such time as a different legal regulated rent has
28 been authorized pursuant to guidelines adopted by the board. For any
29 lease exceeding one year, the rent charged for any subsequent year shall
30 not exceed the legal regulated rent as authorized pursuant to the most
31 recent guidelines adopted by the board. If the rent charged for the
32 first year of the new lease is less than the initial legal regulated
33 rent or the legal regulated rent adjusted pursuant to section 22-1508 of
34 this chapter, the rent charged for any subsequent year shall not exceed
35 the first year's rent adjusted by the rate authorized pursuant to the
36 most recent guidelines adopted by the board.

37 b. The initial regulated rent for a commercial space subject to the
38 provisions of this chapter is the rent charged in the lease or other
39 rental agreement for such commercial space in effect sixty days prior to
40 the effective date of this chapter.

41 c. The initial regulated rent for a commercial space subject to the
42 provisions of this chapter, that is not subject to a lease or other
43 rental agreement on the effective date of this chapter, shall be the
44 rent charged in the last lease or other rental agreement for such
45 commercial space in effect prior to the effective date of this chapter.
46 However, if a claim alleging commercial tenant harassment pursuant to
47 chapter nine of this title is brought against a landlord by the previous
48 tenant as the means by which the vacancy was effected and such previous
49 tenant's claim is upheld by a court of competent jurisdiction, such
50 landlord shall be liable for damages up to ten times the proposed new
51 lease's monthly rent or fifty thousand dollars, whichever is greater, to
52 be payable to the previous tenant, in addition to consequential damages
53 and any other remedy available at law or equity.

54 d. Upon a finding of commercial tenant harassment pursuant to chapter
55 nine of this title, the rent for the new tenant shall be no higher than
56 the rent that could have been charged to the previous tenant pursuant to

1 subdivision a of this section, retroactive to the beginning of the new
2 tenancy. All other terms and conditions of the lease shall conform to
3 the provisions of subdivision a of this section.

4 e. If a tenant is an at-will tenant, such tenant has the right to
5 request a written lease agreement that shall conform to the provisions
6 of subdivision a of this section and be a monthly rent equivalent to the
7 amount such tenant is paying at the time of such request. The landlord
8 of an at-will tenant shall provide a written lease offer within ninety
9 days of receiving such a request for a written lease. A landlord shall
10 only be able to refuse to provide a written lease or evict an at-will
11 tenant based on the provisions under section 22-1510 of this chapter,
12 except for the provision set forth in paragraph two of such subdivision.

13 § 22-1505 Enforcement and procedures. a. Subject to the conditions and
14 limitations of this section, any landlord who, upon the complaint of a
15 tenant, is found by the commissioner, after a reasonable opportunity to
16 be heard, to have collected an overcharge above the rent authorized for
17 a commercial space subject to the provisions of this chapter, is liable
18 to such tenant for a penalty equal to three times the amount of such
19 overcharge. If the landlord establishes, by a preponderance of the
20 evidence, that the overcharge was not intentional, the penalty shall be
21 the amount of the overcharge plus interest assessed from the initial
22 date of such overcharge. After a complaint of rent overcharge has been
23 filed and served on a landlord, the voluntary adjustment of the rent
24 and/or the voluntary tender of a refund of rent overcharges shall not be
25 considered by the commissioner as evidence that such overcharge was not
26 willful.

27 b. The legal regulated rent for purposes of determining an overcharge
28 is the rent indicated in the annual registration statement filed and
29 served upon the tenant six years prior to the most recent registration
30 statement, or, if more recently filed, the initial registration state-
31 ment plus, for each case, any subsequent lawful increases and adjust-
32 ments. The commissioner, in investigating complaints of overcharge and
33 in determining legal regulated rent, shall consider all available rent
34 history which is reasonably necessary to make such determinations. As to
35 complaints filed within ninety days of the initial registration of a
36 commercial space, the legal regulated rent is deemed to be the rent
37 charged on the date six years prior to the date of the initial registra-
38 tion of the commercial space or, if the commercial space was subject to
39 this chapter for less than six years, the initial legal regulated rent
40 plus, in each case, any lawful increases and adjustments. Where the rent
41 charged on the date six years prior to the date of the initial registra-
42 tion of the commercial space cannot be established, such rent shall be
43 established by the commissioner based on, among other things, the
44 factors set forth in paragraph one of subdivision f of section 22-1503
45 of this chapter.

46 c. Complaints under this section may be filed with the commissioner at
47 any time, however any recovery of overcharge penalties shall be limited
48 to the six years preceding the complaint.

49 d. In addition to applicable penalties, a landlord found to have over-
50 charged a tenant may be assessed the reasonable costs and attorneys'
51 fees of any necessary proceeding and interest from the initial date of
52 the overcharge at the rate of interest payable on a judgment pursuant to
53 section five thousand four of the civil practice law and rules.

54 e. A tenant may, upon the expiration of the period in which the land-
55 lord may institute a proceeding pursuant to article seventy-eight of the

1 civil practice law and rules, file and enforce an order of the commis-
2 sioner awarding penalties in the same manner as a judgment.

3 f. The commissioner shall promulgate all rules and regulations neces-
4 sary for the implementation of this section.

5 § 22-1506 Rent registration. a. Each landlord of a commercial space
6 subject to the provisions of this chapter shall register such space with
7 the administering agency within one hundred twenty days of the effective
8 date of this chapter and annually thereafter using forms prescribed by
9 the commissioner and including copies of all leases and riders thereto.
10 The information to be provided on such forms shall include the follow-
11 ing:

12 (1) The name and address of the building or group of buildings or
13 development in which such commercial space is located and the tenant
14 thereof;

15 (2) The number of commercial spaces belonging to such landlord in the
16 building or group of buildings or development in which such commercial
17 space is located;

18 (3) The number of commercial spaces in such building or group of
19 buildings or development subject to the provisions of this chapter;

20 (4) The rent for the commercial space charged on the registration
21 date; and

22 (5) The square footage of each commercial space named pursuant to
23 paragraph one of this subdivision.

24 b. Within thirty days of the registration of a commercial space, the
25 administering agency shall mail a copy of the registration forms submit-
26 ted by the landlord of the commercial space and a complete rental histo-
27 ry for the unit to each tenant of such commercial space. The rental
28 history shall include, if applicable, any overcharges, rent adjustments,
29 the effective date of any new and collectible rents, and any tax bene-
30 fits or financing programs that apply to the building. The administering
31 agency shall inform the tenant of such commercial space of the registra-
32 tion and of the tenant's option to apply for an adjustment of the
33 initial rent pursuant to section 22-1508 of this chapter within thirty
34 days of such registration.

35 c. A landlord of a commercial space subject to the provisions of this
36 chapter who fails to register such space within one hundred twenty days
37 of the effective date of this chapter shall be in violation of this
38 chapter and subject to a civil penalty for each month until such
39 violation is corrected as follows:

40 (1) For the first six-month period, one hundred dollars per month;

41 (2) For the second six-month period, two hundred fifty dollars per
42 month;

43 (3) For the third six-month period, one thousand dollars per month;
44 and

45 (4) For the fourth six-month period and for each month thereafter, two
46 thousand dollars per month.

47 d. For a second or subsequent violation of this chapter involving the
48 same unit, the commissioner may impose and recover a civil penalty for
49 each month until such violation is corrected as follows:

50 (1) For the first six-month period, two hundred dollars per month;

51 (2) For the second six-month period, four hundred fifty dollars per
52 month;

53 (3) For the third six-month period, two thousand dollars per month;
54 and

55 (4) For the fourth six-month period and for each month thereafter,
56 four thousand dollars per month.

1 e. In any year where an owner fails to provide a complete, accurate
2 registration, the owner shall be prohibited from any increases to the
3 rent from the previous registered lease until all missing registrations
4 are filed and false registrations corrected.

5 § 22-1507 Fees. a. The department of finance shall collect from the
6 landlord of each commercial space registered pursuant to section 22-1506
7 of this chapter an annual fee in the amount of one hundred dollars for
8 each commercial space subject to this chapter, in order to defray costs
9 incurred in administering this chapter.

10 b. Failure to pay the fee imposed by subdivision a of this section
11 shall constitute a charge due to the city. All such fees due to the city
12 constitute a debt recoverable from the landlord and the city may
13 commence an action or proceeding, file a lien upon the building or take
14 any other lawful action for the recovery of such fees.

15 § 22-1508 Application for adjustment of initial rent. Notwithstanding
16 any other provision of this chapter, a tenant or landlord may, within
17 sixty days of receipt of the notice of registration pursuant to section
18 22-1506 of this chapter, file with the board an application for adjust-
19 ment of the initial legal regulated rent for such commercial space. In
20 the event of such an application, both the owner and the tenant shall be
21 notified and given a chance to respond to the application within thirty
22 days. The board may adjust such initial legal regulated rent upon a
23 finding that the presence of extraordinary circumstances materially
24 affecting the initial legal regulated rent has resulted in a rent which
25 is substantially different from the rents generally prevailing in the
26 same area for substantially similar commercial spaces.

27 § 22-1509 Manner of service. All papers and notices which, pursuant to
28 the terms of section 22-1510 of this chapter are required to be served,
29 shall be served by a process server, or shall be sent by first-class
30 mail and certified mail, return receipt requested or by any express mail
31 service.

32 § 22-1510 Rental guidelines. a. All leases of a commercial premises
33 may be renewed at the option of a tenant who did not lose the right to
34 renew a lease under the grounds described in subdivision d of this
35 section. Such lease renewals shall be for a minimum term of ten years,
36 provided however, that at the tenant's option, and with the written
37 approval of the landlord, a lease of shorter or longer duration may be
38 selected.

39 b. No period of lease extension required by this chapter shall extend
40 beyond the landlord's lawful ability to rent the premises to the tenant,
41 where such ability is limited by:

42 (1) the obligation to rent the premises to a third party pursuant to a
43 bona fide lease entered into prior to the effective date of this chap-
44 ter;

45 (2) the exercise by a third party of a bona fide option to rent the
46 premises provided that such option was given prior to the effective date
47 of this chapter; or

48 (3) any other lawful reason arising prior to such effective date.

49 c. A tenant shall lose the right of renewal and a landlord may refuse
50 to renew a lease only on the following grounds:

51 (1) The tenant has persistently delayed rent payments without cause.
52 For the purpose of this subdivision, "cause" is defined as the withhold-
53 ing of rental payments by the tenant due to the alleged violations of
54 the rental agreement by the landlord. In order for the landlord to be
55 excused from renewal on this ground, the landlord must have served the
56 tenant at least three prior notices during the term of the lease for

1 demand of payment within thirty days, and then show that such lessee has
2 not paid within such thirty-day period. The landlord shall not serve
3 such notice unless the rent payment was in arrears for a minimum of
4 fifteen days;

5 (2) The tenant uses the commercial premises in a manner substantially
6 different from that described in the lease;

7 (3) The tenant conducts or permits any form of illegal activity on the
8 premises;

9 (4) The tenant has substantially breached any substantive obligation
10 under the current lease and has failed to cure such breach within thirty
11 days following written notice to cure by the landlord;

12 (5) Upon the termination of the current tenancy, the landlord intends,
13 in good faith, to demolish or substantially reconstruct the premises or
14 a substantial part thereof, or to carry out substantial work or
15 construction on the commercial premises or substantial part thereof
16 which they could not reasonably do without obtaining possession of the
17 commercial premises. The landlord shall notify the tenant of their deci-
18 sion to reoccupy the commercial premises at least one year prior to the
19 termination of the lease. In the event that the lessor fraudulently
20 invokes this justification for a refusal to renew a commercial lease,
21 the defrauded tenant may collect treble damages for any loss suffered as
22 a result of such action;

23 (6) The current tenancy was created by the subletting of the property,
24 whereby the prime tenant did not notify the landlord by certified mail
25 of the subtenant's existence and did not obtain the written consent of
26 the landlord. This ground is void if the landlord and tenant had agreed
27 in the lease to allow subleasing rights without the consent of the land-
28 lord and all obligations of the prime tenant on the issue, were in
29 compliance;

30 (7) It has been determined by the administering agency or by a civil
31 court of competent jurisdiction that the tenant is a gross and persist-
32 ent violator of New York city tax laws, of any license obligations
33 related to the use of the premises or of any laws of the city of New
34 York; or

35 (8) Upon the termination of the current tenancy, the landlord intends
36 to occupy the retail premises in order to carry out its own business,
37 which cannot be the same type of business that the current tenant is
38 operating. The landlord shall notify the tenant of their decision to
39 reoccupy the premises at least one hundred eighty days prior to the
40 termination of the lease. In the event that the landlord fraudulently
41 invokes this justification for a refusal to renew a commercial lease,
42 the defrauded tenant may collect treble damages for any loss suffered as
43 a result of such action.

44 § 22-1511 Retaliation. No landlord shall in any way retaliate against
45 any tenant for the tenant's assertion or exercise of any rights under
46 this chapter. Any such retaliation may subject the landlord to a suit
47 for actual and punitive damages, injunctive relief, and attorneys' fees.

48 § 22-1512 Waiver. No provision in any lease, rental agreement, or
49 agreement made in connection therewith which waives or diminishes any
50 tenant's rights under this chapter is valid.

51 § 22-1513 Inconsistency with other laws. If any provision of this
52 chapter is inconsistent with, in conflict with, or contrary to any other
53 provisions of law, such provision of this chapter shall prevail over
54 such other provision.

55 § 3. Severability. If any clause, sentence, paragraph, section or part
56 of this act shall be adjudged by any court of competent jurisdiction to

1 be invalid and after exhaustion of all further judicial review, the
2 judgment shall not affect, impair or invalidate the remainder thereof,
3 but shall be confined in its operation to the clause, sentence, para-
4 graph, section or part of this act directly involved in the controversy
5 in which the judgment shall have been rendered.
6 § 4. This act shall take effect on the thirtieth day after it shall
7 have become a law. Effective immediately, the addition, amendment
8 and/or repeal of any rule or regulation necessary for the implementation
9 of this act on its effective date are authorized to be made and
10 completed on or before such effective date.