

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

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read twice and ordered printed, and when printed to be committed to
the Committee on Finance

AN ACT to amend the private housing finance law, in relation to estab-
lishing the mutual housing company rehabilitation loan fund and making
an appropriation therefor

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

1 Section 1. The private housing finance law is amended by adding a new
2 article 26 to read as follows:

3 ARTICLE 26

4 MUTUAL HOUSING COMPANY REHABILITATION LOAN FUND
5 SECTION 1203. STATEMENT OF LEGISLATIVE FINDINGS AND PURPOSES.

6 1204. DEFINITIONS.

7 1205. MUTUAL HOUSING COMPANY REHABILITATION LOAN FUND CONTRACTS.

8 1206. GENERAL AND ADMINISTRATIVE PROVISIONS.

9 S 1203. STATEMENT OF LEGISLATIVE FINDINGS AND PURPOSES. THE LEGISLA-
10 TURE HEREBY FINDS AND DECLARES THAT THE PROJECTS OF CERTAIN LIMITED
11 PROFIT MUTUAL HOUSING COMPANIES HAVE OVER TIME SUFFERED SERIOUS DETERI-
12 ORATION OF MAJOR COMPONENTS AND SYSTEMS. STATE AND LOCAL GOVERNMENTS
13 HAVE INVESTED IN THE CONSTRUCTION AND OPERATION OF THESE PROJECTS OWNED
14 AND OPERATED AS COOPERATIVES BY SUCH COMPANIES. THE PROVISIONS OF THE
15 REHABILITATION LOAN PROGRAM ESTABLISHED PURSUANT TO THIS ARTICLE ARE
16 DECLARED TO BE IN THE PUBLIC INTEREST AND NECESSARY FOR THE PRESERVATION
17 OF THIS VITAL AND IRREPLACEABLE ASSET.

18 S 1204. DEFINITIONS. FOR THE PURPOSES OF THIS ARTICLE:

19 1. "AGENCY" SHALL MEAN THE NEW YORK STATE HOUSING FINANCE AGENCY
20 CREATED BY SECTION FORTY-THREE OF THIS CHAPTER.

21 2. "PROJECT" SHALL MEAN ANY PROPERTY WHICH IS OWNED AS A LIMITED
22 PROFIT MUTUAL HOUSING COMPANY PURSUANT TO ARTICLE TWO OF THIS CHAPTER.

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

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1 3. "ELIGIBLE APPLICANT" SHALL MEAN A LIMITED PROFIT MUTUAL HOUSING
2 COMPANY WITHIN A CITY WITH A POPULATION OF ONE MILLION OR MORE WHICH HAS
3 BEEN IN EXISTENCE FOR A PERIOD OF TWENTY YEARS OR MORE AND IS SUBJECT TO
4 SUPERVISION BY EITHER THE COMMISSIONER OR THE SUPERVISING AGENCY.

5 4. "REHABILITATION" SHALL MEAN THE RECONSTRUCTION, IMPROVEMENT, OR
6 RECONDITIONING OF EXISTING NON-CONSTRUCTION RELATED DETERIORATED CONDI-
7 TIONS, WHICH WILL BENEFIT AND PRESERVE THE PROJECT AS A WHOLE.

8 S 1205. MUTUAL HOUSING COMPANY REHABILITATION LOAN FUND CONTRACTS. 1.
9 WITHIN THE LIMIT OF FUNDS AVAILABLE IN THE MUTUAL HOUSING COMPANY REHA-
10 BILITATION LOAN FUND, THE AGENCY IS HEREBY AUTHORIZED TO ENTER INTO
11 CONTRACTS WITH ELIGIBLE APPLICANTS TO PROVIDE LOANS WHICH SUCH ELIGIBLE
12 APPLICANTS SHALL USE FOR PROJECT REHABILITATION. THE AGENCY SHALL APPOR-
13 TION ALLOCATIONS FROM THE FUND AMONG ELIGIBLE APPLICANTS IN AN EQUITABLE
14 MANNER AND SHALL NOT MAKE ANY SUCH ALLOCATION IN A GIVEN YEAR TO AN
15 APPLICANT WHICH WILL, IN SUCH YEAR RECEIVE TEN PERCENT OR MORE OF THE
16 MONIES AVAILABLE IN THE FUND.

17 2. NO SUCH LOAN MAY BE MADE OR ITS TERM EXTENDED PURSUANT TO THIS
18 ARTICLE, UNLESS THE AGENCY DETERMINES THAT THE ELIGIBLE APPLICANT CANNOT
19 AFFORD OR OBTAIN THE FINANCING NECESSARY TO ACCOMPLISH THE PURPOSES OF
20 SUCH LOAN THROUGH THE ORDINARY UNAIDED OPERATION OF PRIVATE ENTERPRISE.

21 3. THE AGENCY SHALL NOT ENTER INTO LOANS UNDER THIS ARTICLE EXCEPT
22 WITH AN ELIGIBLE APPLICANT WHICH HAS SUBMITTED A PLAN ACCEPTABLE TO THE
23 AGENCY WHICH PROVIDES THAT SUBSEQUENT TO REHABILITATION THE PROJECT
24 SHALL BE MAINTAINED IN SUBSTANTIALLY IMPROVED CONDITION THAN PRIOR TO
25 THE MAKING OF SUCH LOAN.

26 4. SUCH CONTRACTS MAY PROVIDE FOR LOANS BY THE AGENCY FOR THE ACTIV-
27 ITIES TO BE CARRIED OUT BY THE ELIGIBLE APPLICANT UNDER THE CONTRACT,
28 INCLUDING PARTICIPATION IN LOANS INCLUDING BUT NOT LIMITED TO PARTIC-
29 IPATION IN LOANS ORIGINATED OR FINANCED BY LENDING INSTITUTIONS AS
30 DEFINED IN SECTION FORTY-TWO OF THIS CHAPTER, PRIVATE OR PUBLIC EMPLOYEE
31 PENSION FUNDS OR THE STATE OF NEW YORK MORTGAGE AGENCY. LOANS SHALL BE
32 AT THE PREVAILING INTEREST RATE IN THE AREA FOR LONG TERM RESIDENTIAL
33 MORTGAGES OR AT SUCH LOWER RATE AS THE AGENCY DETERMINES TO BE NECESSARY
34 FOR THE PROJECT TO BE FINANCIALLY FEASIBLE. LOANS SHALL NOT EXCEED NINE-
35 TY-FIVE PERCENT OF THE REHABILITATION COSTS. THE TERM OF THE LOAN SHALL
36 NOT EXCEED TEN YEARS UNLESS EXTENDED FOR PERIODS NOT TO EXCEED TEN YEARS
37 IN WHICH CASE THE TERM OF THE LOAN AS EXTENDED SHALL NOT EXCEED THIRTY
38 YEARS IN THE AGGREGATE AND THE AMORTIZATION SCHEDULE FOR THE LOAN SHALL
39 NOT EXCEED THIRTY YEARS.

40 5. THE AGENCY SHALL PROVIDE FOR THE REVIEW, AT PERIODIC INTERVALS NOT
41 LESS THAN ANNUALLY, OF THE PERFORMANCE OF APPLICANTS RECEIVING FINANCIAL
42 ASSISTANCE PURSUANT TO THIS ARTICLE. SUCH REVIEW SHALL, AMONG OTHER
43 THINGS, BE FOR THE PURPOSES OF ASCERTAINING CONFORMITY TO CONTRACTUAL
44 PROVISIONS, THE FINANCIAL INTEGRITY AND EFFICIENCY OF APPLICANTS AND THE
45 EVALUATION OF THE APPLICANTS' ACTIVITIES. CONTRACTS ENTERED INTO PURSU-
46 ANT TO THIS ARTICLE MAY BE TERMINATED, FUNDS MAY BE WITHHELD AND UNSPENT
47 FUNDS RECAPTURED BY THE AGENCY UPON A FINDING OF SUBSTANTIAL NONPERFORM-
48 ANCE OR BREACH BY THE APPLICANT OF ITS OBLIGATIONS UNDER ITS CONTRACT.

49 S 1206. GENERAL AND ADMINISTRATIVE PROVISIONS. 1. THE AGENCY MAY ISSUE
50 AND PROMULGATE RULES AND REGULATIONS FOR THE ADMINISTRATION OF THIS
51 ARTICLE. THE RULES AND REGULATIONS SHALL INCLUDE PROVISIONS CONCERNING
52 THE ELIGIBILITY OF APPLICANTS FOR LOANS UNDER THIS ARTICLE; FUNDING
53 CRITERIA AND THE FUNDING DETERMINATION PROCESS; SUPERVISION AND EVALU-
54 ATION OF CONTRACTING APPLICANTS; REPORTING, BUDGETING AND RECORD-KEEPING
55 REQUIREMENTS; PROVISIONS FOR MODIFICATION AND TERMINATION OF CONTRACTS;
56 AND SUCH OTHER MATTERS NOT INCONSISTENT WITH THE PURPOSES AND PROVISIONS

1 OF THIS ARTICLE AS THE AGENCY SHALL DEEM NECESSARY, PROPER AND APPROPRI-
2 ATE.

3 2. THE AGENCY MAY PROVIDE TECHNICAL SERVICES AND ASSISTANCE OR
4 CONTRACT TO PROVIDE TECHNICAL SERVICES AND ASSISTANCE TO ELIGIBLE APPLI-
5 CANTS TO COMPLY WITH THE PROVISIONS AND INTENT OF THIS ARTICLE WHICH
6 SERVICES AND ASSISTANCE MAY INCLUDE BUT SHALL NOT NECESSARILY BE LIMITED
7 TO FINANCIAL PACKAGING AND ENGINEERING AND ARCHITECTURAL SERVICES NECES-
8 SARY FOR THE PREPARATION OF PROPOSALS FOR ENTERING INTO CONTRACTS.

9 3. THE AGENCY AND APPLICANTS SHALL DEPOSIT ANY RECAPTURED FUNDS OR
10 FUNDS FROM THE REPAYMENT OF LOANS AND INTEREST RECEIVED ON LOANS INTO
11 THE MUTUAL HOUSING COMPANY REHABILITATION LOAN FUND.

12 4. NOTWITHSTANDING THE PROVISIONS OF ARTICLE ONE-A OF THE PUBLIC
13 AUTHORITIES LAW, CONTRACTS ENTERED INTO BY THE AGENCY PURSUANT TO THIS
14 ARTICLE SHALL NOT BE SUBJECT TO THE PROVISIONS OF ARTICLE ONE-A OF THE
15 PUBLIC AUTHORITIES LAW.

16 5. THE AGENCY SHALL REQUIRE THE SUBMISSION OF THE NAMES, ADDRESSES AND
17 BUSINESS BACKGROUND OF THE PRINCIPALS INVOLVED, THE NATURE OF THEIR
18 FIDUCIARY RELATIONSHIP AND THEIR FINANCIAL RELATIONSHIP, PAST, PRESENT
19 AND FUTURE, TO THE PROJECT AND TO EACH OTHER.

20 S 2. The private housing finance law is amended by adding a new
21 section 59-j to read as follows:

22 S 59-J. MUTUAL HOUSING COMPANY REHABILITATION LOAN FUND. THE AGENCY
23 SHALL CREATE AND ESTABLISH A SPECIAL FUND TO BE KNOWN AS THE MUTUAL
24 HOUSING COMPANY REHABILITATION LOAN FUND AND SHALL PAY INTO SUCH FUND
25 ANY MONEYS WHICH MAY BE MADE AVAILABLE TO SUCH AGENCY FOR THE PURPOSES
26 OF SUCH FUND FROM ANY SOURCE INCLUDING BUT NOT LIMITED TO MONEYS APPRO-
27 PRIATED BY AND MADE AVAILABLE PURSUANT TO APPROPRIATION BY THE STATE,
28 AND ANY INCOME OR LOAN REPAYMENTS OR INTEREST EARNED BY, OR INCREMENT
29 TO, THE FUND DUE TO THE INVESTMENT THEREOF OR LOANS MADE PURSUANT TO
30 ARTICLE TWENTY-SIX OF THIS CHAPTER. THE MONEYS HELD IN OR CREDITED TO
31 THE FUND ESTABLISHED UNDER THIS SECTION SHALL BE EXPENDED SOLELY TO
32 CARRY OUT THE PROVISIONS OF ARTICLE TWENTY-SIX OF THIS CHAPTER.

33 S 3. The sum of ten million dollars (\$10,000,000), or so much thereof
34 as may be necessary, is hereby appropriated to the New York state hous-
35 ing finance agency out of any moneys in the state treasury in the gener-
36 al fund to the credit of the state purposes account not otherwise appro-
37 priated, for the purpose of the mutual housing company rehabilitation
38 loan fund, in carrying out the provisions of this act.

39 S 4. This act shall take effect immediately.