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

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I N A S S E M B L Y

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Introduced by M. of A. V. LOPEZ, COOK, DINOWITZ, GREENE -- Multi-Sponsored by -- M. of A. BRENNAN, CLARK, GLICK, GOTTFRIED, JACOBS, PRETLOW, WRIGHT -- read once and referred to the Committee on Housing

AN ACT to amend the private housing finance law, in relation to the dissolution and reconstitution of housing companies

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

Section 1. Section 35 of the private housing finance law is amended by adding a new subdivision 5 to read as follows:

5. (A) UPON SUCH DISSOLUTION AND PRIOR TO RECONSTITUTION TO COOPERATIVE OR CONDOMINIUM OWNERSHIP, A COMPANY AIDED BY A LOAN MADE AFTER MAY FIRST, NINETEEN HUNDRED FIFTY-NINE SHALL ESCROW A SUM EQUAL TO TWENTY PERCENT OF THE TOTAL OF ALL ACCRUED TAXES FOR WHICH TAX EXEMPTION WAS GRANTED AND RECEIVED PURSUANT TO SECTION THIRTY-THREE OF THIS ARTICLE. UPON RECONSTITUTION, THE BOARD OF DIRECTORS OR BOARD OF MANAGERS OF SUCH COMPANY SHALL MAKE AVAILABLE TO ELIGIBLE SHAREHOLDERS A LOAN EQUAL TO THE INCREASE IN THE TOTAL ANNUAL CARRYING CHARGES AND ANY SPECIAL ASSESSMENTS ATTRIBUTABLE TO THE DISSOLUTION INCLUDING BUT NOT LIMITED TO THE LOSS OF THE TAX EXEMPTIONS, THE MORTGAGE REFINANCING, THE TERMINATION OF SURCHARGES, THE ESCROW FUND AND ANY OTHER COSTS ASSOCIATED WITH DISSOLUTION AND RECONSTITUTION. UPON SALE OF THEIR UNITS, ELIGIBLE SHAREHOLDERS SHALL PAY INTO THE ESCROW FUND A SUM EQUAL TO THE TOTAL LOAN PROVIDED TO THEM, PLUS COMPOUNDED INTEREST AT THE PREVAILING INTEREST RATE FOR EACH CALENDAR YEAR OF THE LOAN AS DETERMINED BY A CERTIFIED PUBLIC ACCOUNTANT EMPLOYED BY THE COOPERATIVE CORPORATION OR CONDOMINIUM.

(B) ELIGIBLE SHAREHOLDERS SHALL BE LIMITED TO THE FOLLOWING RESIDENTS OF THE HOUSING COMPANY:

(1) ANY SHAREHOLDER WHO IS SIXTY-TWO YEARS OF AGE OR OLDER ON THE DATE OF DISSOLUTION.

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

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(2) ANY SHAREHOLDER WHO HAS AN IMPAIRMENT WHICH RESULTS FROM ANATOMICAL, PHYSIOLOGICAL OR PSYCHOLOGICAL CONDITIONS, OTHER THAN ADDICTION TO ALCOHOL, GAMBLING OR ANY CONTROLLED SUBSTANCE, WHICH ARE DEMONSTRATED BY MEDICALLY ACCEPTABLE CLINICAL AND LABORATORY ACCEPTABLE TECHNIQUES, AND WHICH PREVENT THE SHAREHOLDER FROM ENGAGING IN ANY SUBSTANTIAL GAINFUL EMPLOYMENT ON THE DATE OF DISSOLUTION.

(3) ANY SHAREHOLDER-HOUSEHOLD WHERE THE COMBINED INCOME OF ALL MEMBERS OF THE HOUSEHOLD ON THE DATE OF DISSOLUTION AND RECERTIFIED TO AT THE COMMENCEMENT OF EACH CALENDAR YEAR IS LESS THAN OR EQUAL TO ONE HUNDRED TWENTY PERCENT OF THE MEDIAN INCOME OF THE STANDARD STATISTICAL AREA AS DEFINED BY THE UNITED STATES CENSUS BUREAU.

(C) ALL ELIGIBLE SHAREHOLDERS SHALL PROVIDE TO THE COMPANY'S BOARD OF DIRECTORS OR BOARD OF MANAGERS BY CERTIFIED MAIL NOTICE OF ELECTION. NOTICE OF ELECTION SHALL BE MADE ON FORMS PROMULGATED BY THE DIVISION OF HOUSING AND COMMUNITY RENEWAL AND SHALL BE MADE AVAILABLE TO TENANTS BY THE BOARD OF DIRECTORS OR MANAGERS. ELIGIBLE SHAREHOLDERS SHALL RECEIVE SAID LOANS NO LATER THAN NINETY DAYS AFTER THE DATE OF DISSOLUTION.

(D) WITHIN SIXTY DAYS AFTER THE END OF EACH CALENDAR YEAR, REPAYMENT OF ALL LOANS PLUS INTEREST AND ANY SURPLUS PRINCIPAL AND INTEREST IN THE FUND AS DETERMINED BY THE CERTIFIED PUBLIC ACCOUNTANT EMPLOYED BY THE COOPERATIVE CORPORATION OR CONDOMINIUM SHALL BE PAID TO A FUND DESIGNATED BY THE STATE OR MUNICIPALITY FOR THE CONSTRUCTION OF AND/OR REHABILITATION OF LOW AND MODERATE INCOME HOUSING.

S 2. The commissioner of housing or the supervising agency, as the case may be, shall be authorized to adopt, promulgate, amend, and rescind rules and regulations in order to implement the provisions of this act.

S 3. This act shall take effect on the one hundred twentieth day after it shall have become a law. Effective immediately, the addition, amendment or repeal of any rule or regulation necessary for the implementation of the foregoing sections of this act on their effective date are authorized to be made on or before such effective date.