

3391--A

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I N   A S S E M B L Y

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Introduced by M. of A. BRAUNSTEIN -- read once and referred to the Committee on Housing -- reported and referred to the Committee on Codes -- advanced to a third reading, amended and ordered reprinted, retaining its place on the order of third reading

AN ACT to amend the real property law, in relation to ground leases

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

1     Section 1. The real property law is amended by adding a new section  
2     220-a to read as follows:  
3     S 220-A. RESIDENTIAL GROUND LEASES. 1. DEFINITIONS. FOR THE PURPOSES  
4     OF THIS SECTION ONLY, A "RESIDENTIAL GROUND LEASE" SHALL BE DEFINED AS A  
5     RENTAL AGREEMENT THAT:  
6     (A) HAS A TERM OF AT LEAST TEN YEARS;  
7     (B) IS FOR THE USE OF REAL PROPERTY, WHICH MAY OR MAY NOT INCLUDE ANY  
8     IMPROVEMENTS OR STRUCTURES, BUT SHALL NOT APPLY TO REAL PROPERTY OWNED  
9     AS THE COMMON PROPERTY OF ANY INDIAN NATION, TRIBE, OR BAND AS SUCH  
10    LANDS ARE DESCRIBED UNDER AND PROTECTED BY INDIAN LAW AND/OR TITLE 25 OF  
11    THE UNITED STATES CODE; AND  
12    (C) ALLOWS A TENANT TO CONSTRUCT OR SUBSTANTIALLY IMPROVE, RENOVATE,  
13    OR REHABILITATE STRUCTURES OR IMPROVEMENTS THAT INCLUDE ONE OR MORE  
14    RESIDENTIAL DWELLINGS UPON SUCH REAL PROPERTY.  
15    2. REFINANCING. (A) IF ANY RESIDENTIAL GROUND LEASE DOES NOT CONTAIN  
16    EXPRESS PROVISIONS PROHIBITING A LESSEE FROM ENCUMBERING ITS INTEREST IN  
17    A RESIDENTIAL GROUND LEASE, A LESSEE MAY ENCUMBER UP TO AND INCLUDING  
18    ITS ENTIRE INTEREST IN SUCH RESIDENTIAL GROUND LEASE. IF SUCH RESIDEN-  
19    TIAL GROUND LEASE CONTAINS PROVISIONS RESTRICTING THE LESSEE'S ABILITY  
20    TO ENCUMBER ITS INTEREST, THE LESSEE MUST OBTAIN THE LESSOR'S WRITTEN  
21    PERMISSION PRIOR TO SUCH ENCUMBRANCE.  
22    (B) IF THE LESSEE IS REQUIRED TO OBTAIN THE LESSOR'S PERMISSION TO  
23    ENCUMBER THE LESSEE'S INTEREST, THE LESSOR MAY ONLY REFUSE TO GRANT SUCH  
24    PERMISSION FOR REASONABLE CAUSE AND MUST PROVIDE THE LESSEE WITH A WRIT-

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

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1 TEN STATEMENT THAT SETS FORTH THE BASIS FOR THE REFUSAL WITHIN FIFTEEN  
2 DAYS OF A WRITTEN REQUEST FOR PERMISSION FROM THE LESSEE.

3 (C) ANY RESIDENTIAL GROUND LEASE PROVISION THAT LIMITS THE AMOUNT A  
4 LESSEE COULD ENCUMBER ITS INTEREST, UP TO AND INCLUDING ITS ENTIRE  
5 INTEREST IN SUCH RESIDENTIAL GROUND LEASE, SHALL ALSO ADJUST SUCH AMOUNT  
6 ANNUALLY ON THE FIRST DAY OF OCTOBER OF EACH YEAR BY THE CHANGE IN THE  
7 REGIONAL CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS, NEW YORK-NORTHERN  
8 NEW JERSEY-LONG ISLAND, NY-NJ-CT-PA, AS ESTABLISHED THE PRECEDING  
9 AUGUST.

10 IF A LESSEE HAS ENCUMBERED ITS INTEREST IN A RESIDENTIAL GROUND LEASE,  
11 NO ADJUSTMENT PURSUANT TO THIS PARAGRAPH THAT REDUCES THE AMOUNT SUCH  
12 LESSEE COULD RECEIVE SHALL BE CONSIDERED A BREACH OF THE RESIDENTIAL  
13 GROUND LEASE. ANY AGREEMENT BY A LESSEE WAIVING OR MODIFYING THE  
14 PROVISIONS AS SET FORTH IN THIS PARAGRAPH SHALL BE VOID AS CONTRARY TO  
15 PUBLIC POLICY.

16 S 2. This act shall take effect immediately.