

# STATE OF NEW YORK

7030

## IN SENATE

(Prefiled)

January 3, 2018

Introduced by Sen. KAVANAGH -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development

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 adjustment of maximum allowable rent

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

1 Section 1. Subparagraph (e) of paragraph 1 of subdivision g of section  
2 26-405 of the administrative code of the city of New York, as amended by  
3 section 15 of part B of chapter 97 of the laws of 2011, is amended to  
4 read as follows:

5 (e) The landlord and tenant by mutual voluntary written agreement  
6 agree to a substantial increase or decrease in dwelling space or a  
7 change in the services, furniture, furnishings or equipment provided in  
8 the housing accommodations. An adjustment under this subparagraph shall  
9 be temporary until such increase or modification has been paid for and

10 shall be equal to [~~one fortieth, in the case of a building with thirty~~  
11 ~~five or fewer housing accommodations, or one sixtieth, in the case of a~~  
12 ~~building with more than thirty-five housing accommodations where such~~  
13 ~~adjustment takes effect on or after September twenty-fourth, two thou-~~  
14 ~~sand eleven,~~] one eighty-fourth of the total cost incurred by the land-

15 lord in providing such modification or increase in dwelling space,  
16 services, furniture, furnishings or equipment, including the cost of  
17 installation, but excluding finance charges and cosmetic improvements,  
18 provided further that an owner who is entitled to a rent increase pursu-  
19 ant to this subparagraph shall not be entitled to a further rent  
20 increase based upon the installation of similar equipment, or new furni-  
21 ture or furnishings within the useful life of such new equipment, or new  
22 furniture or furnishings. The owner shall give written notice to the  
23 city rent agency of any such adjustment pursuant to this subparagraph;  
24 or

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

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§ 2. Subdivision g of section 26-405 of the administrative code of the city of New York is amended by adding a new paragraph 8 to read as follows:

(8) (a) Within one hundred twenty days of the effective date of this paragraph, the division of housing and community renewal shall issue a schedule of reasonable costs for upgrades and improvements that may be claimed as a basis for an adjustment of rent pursuant to subparagraph (e) of paragraph one of this subdivision. The schedule of reasonable costs shall exclude cosmetic improvements. The schedule of reasonable costs shall be based on the average costs for similar upgrades or improvements made to comparable properties located in each county, subject to the provisions of this chapter, and shall be updated at least once every two years. No increase in rent shall be collectible under subparagraph (e) of paragraph one of this subdivision based upon costs that exceed the reasonable costs set forth in the schedule, unless approved by the division pursuant to subparagraph (b) of this paragraph.

(b) Within thirty days of the signing of a mutual voluntary written agreement including a rent increase pursuant to subparagraph (e) of paragraph one of this subdivision that includes improvements that exceed the schedule of reasonable costs pursuant to subparagraph (a) of this paragraph, the landlord will file with the division of housing and community renewal an explanation of how the rent was computed, and all documents necessary to support the collection of such increase, including but not limited to, cancelled checks, invoices and signed contracts contemporaneously with the improvements alleged and a statement that any increase above the previous rent is in accordance with adjustments permitted by law. Upon receipt of all documents submitted by the landlord, and after giving the tenant an opportunity to respond, the division of housing and community renewal shall issue an order approving or disapproving such increase in whole or in part.

(c) Within thirty days of the signing of a mutual voluntary written agreement including a rent increase that exceeds ten percent of the maximum collectible rent, the landlord will file with the division of housing and community renewal an explanation of how the rent was computed, and all documents necessary to support the collection of such increase, including but not limited to, cancelled checks, invoices and signed contracts contemporaneously with the improvements alleged and a statement that any increase above the previous rent is in accordance with adjustments permitted by law. Upon receipt of all documents submitted by the owner, and after giving the tenant an opportunity to respond, the division of housing and community renewal shall issue an order approving or disapproving such increase in whole or in part. Based upon such determination, the division of housing and community renewal shall order a refund to the tenant equal to the amount collected in excess of the rent approved by the division of housing and community renewal.

(d) No increase in rent shall be collectible under subparagraph (e) of paragraph one of this subdivision until:

(1) the landlord has provided the tenant with a written notice, including an explanation of how the rent in the mutual voluntary written agreement has been computed, and the specific amounts of all expenditures supporting a rent increase under subparagraph (e) of paragraph one of this subdivision; and

(2) the landlord has filed with the division of housing and community renewal an explanation of how the rent was computed, and all documents necessary to support the collection of such increase, including, but not

1 limited to, cancelled checks, invoices and signed contracts entered into  
2 contemporaneously with the improvements alleged, and a statement that  
3 any increase above the previous rent is in accordance with adjustments  
4 permitted by law.

5 (e) No increase shall be collectible under subparagraph (e) of para-  
6 graph one of this subdivision where the division of housing and communi-  
7 ty renewal has determined that the owner is not maintaining all build-  
8 ing-wide required services or all required services with respect to the  
9 affected housing accommodation, or where there are current or outstand-  
10 ing hazardous violations of any municipal, county, state or federal law  
11 which relate to the maintenance of such services.

12 § 3. Paragraph 13 of subdivision c of section 26-511 of the adminis-  
13 trative code of the city of New York, as amended by section 16 of part B  
14 of chapter 97 of the laws of 2011, is amended to read as follows:

15 (13) provides that an owner is entitled to a temporary rent increase  
16 where there has been a substantial modification or increase of dwelling  
17 space or an increase in the services, or installation of new equipment  
18 or improvements or new furniture or furnishings provided in or to a  
19 tenant's housing accommodation, until such modification or increase has  
20 been paid for, on written tenant consent to the rent increase. In the  
21 case of a vacant housing accommodation, tenant consent shall not be  
22 required.

23 (a) The [permanent] temporary increase in the legal regulated rent for  
24 the affected housing accommodation shall be ~~[one-fortieth, in the case~~  
25 ~~of a building with thirty-five or fewer housing accommodations, or one-~~  
26 ~~sixtieth, in the case of a building with more than thirty-five housing~~  
27 ~~accommodations where such permanent increase takes effect on or after~~  
28 ~~September twenty-fourth, two thousand eleven,]~~ one eighty-fourth of the  
29 total cost incurred by the landlord in providing such modification or  
30 increase in dwelling space, services, furniture, furnishings or equip-  
31 ment, including the cost of installation, but excluding finance charges  
32 and cosmetic improvements.

33 (b) Provided further that an owner who is entitled to a rent increase  
34 pursuant to this paragraph shall not be entitled to a further rent  
35 increase based upon the installation of similar equipment, or new furni-  
36 ture or furnishings within the useful life of such new equipment, or new  
37 furniture or furnishings.

38 § 4. Subdivision c of section 26-511 of the administrative code of the  
39 city of New York is amended by adding a new paragraph 15 to read as  
40 follows:

41 (15) (a) Within one hundred twenty days of the effective date of this  
42 paragraph, the division of housing and community renewal shall issue a  
43 schedule of reasonable costs for upgrades and improvements that may be  
44 claimed as a basis for an adjustment of rent pursuant to paragraph thir-  
45 teen of this subdivision. The schedule of reasonable costs shall  
46 exclude cosmetic improvements. The schedule of reasonable costs shall  
47 be based on the average costs for similar upgrades or improvements made  
48 to comparable properties located in each county, subject to the  
49 provisions of this chapter, and shall be updated at least once every two  
50 years. No increase in rent shall be collectible under paragraph thirteen  
51 of this subdivision based upon costs that exceed the reasonable costs  
52 set forth in the schedule, unless approved by the division pursuant to  
53 subparagraph (b) of this paragraph.

54 (b) Within thirty days of the signing of a vacancy lease including a  
55 rent increase pursuant to paragraph thirteen of this subdivision that  
56 includes improvements that exceed the schedule of reasonable costs

1 pursuant to subparagraph (a) of this paragraph, the landlord will file  
2 with the division of housing and community renewal an explanation of how  
3 the vacancy rent was computed, and all documents necessary to support  
4 the collection of such increase, including but not limited to, cancelled  
5 checks, invoices and signed contracts contemporaneously with the  
6 improvements alleged and a statement that any increase above the previ-  
7 ous rent is in accordance with adjustments permitted by law. Upon  
8 receipt of all documents submitted by the landlord, and after giving the  
9 tenant named in the vacancy lease an opportunity to respond, the divi-  
10 sion of housing and community renewal shall issue an order approving or  
11 disapproving such increase in whole or in part.

12 (c) Within thirty days of the signing of a vacancy lease including a  
13 rent increase that exceeds ten percent of the rent charged to the previ-  
14 ous tenant, the landlord will file with the division of housing and  
15 community renewal an explanation of how the rent was computed, and all  
16 documents necessary to support the collection of such increase, includ-  
17 ing but not limited to, cancelled checks, invoices and signed contracts  
18 contemporaneously with the improvements alleged and a statement that any  
19 increase above the previous rent is in accordance with adjustments  
20 permitted by law. Upon receipt of all documents submitted by the owner,  
21 and after giving the tenant named in such vacancy lease an opportunity  
22 to respond, the division of housing and community renewal shall issue an  
23 order approving or disapproving such increase in whole or in part. Based  
24 upon such determination, the division of housing and community renewal  
25 shall order a refund to the tenant equal to the amount collected in  
26 excess of the rent approved by the division of housing and community  
27 renewal.

28 (d) No increase in rent shall be collectible under paragraph thirteen  
29 of this subdivision until:

30 (i) the landlord has provided the tenant with a written notice,  
31 including an explanation of how the rent in the vacancy lease has been  
32 computed, and the specific amounts of all expenditures supporting a rent  
33 increase under paragraph thirteen of this subdivision; and

34 (ii) the landlord has filed with the division of housing and community  
35 renewal an explanation of how the vacancy rent was computed, and all  
36 documents necessary to support the collection of such increase, includ-  
37 ing, but not limited to, cancelled checks, invoices and signed contracts  
38 entered into contemporaneously with the improvements alleged, and a  
39 statement that any increase above the previous rent is in accordance  
40 with adjustments permitted by law.

41 (e) No increase shall be collectible under paragraph thirteen of this  
42 subdivision where the division of housing and community renewal has  
43 determined that the owner is not maintaining all building-wide required  
44 services or all required services with respect to the affected housing  
45 accommodation, or where there are current or outstanding hazardous  
46 violations of any municipal, county, state or federal law which relate  
47 to the maintenance of such services.

48 § 5. Paragraph 1 of subdivision d of section 6 of section 4 of chapter  
49 576 of the laws of 1974, constituting the emergency tenant protection  
50 act of nineteen seventy-four, as amended by section 18 of part B of  
51 chapter 97 of the laws of 2011, is amended to read as follows:

52 (1) there has been a substantial modification or increase of dwelling  
53 space or an increase in the services, or installation of new equipment  
54 or improvements or new furniture or furnishings, provided in or to a  
55 tenant's housing accommodation, on written tenant consent to the rent

1 increase. In the case of a vacant housing accommodation, tenant consent  
2 shall not be required.

3 (a) The [~~permanent~~] temporary increase in the legal regulated rent for  
4 the affected housing accommodation shall be [~~one-fortieth, in the case~~  
5 ~~of a building with thirty five or fewer housing accommodations, or one-~~  
6 ~~sixtieth, in the case of a building with more than thirty five housing~~  
7 ~~accommodations where such permanent increase takes effect on or after~~  
8 ~~September twenty-fourth, two thousand eleven,~~] one eighty-fourth of the  
9 total cost incurred by the landlord in providing such modification or  
10 increase in dwelling space, services, furniture, furnishings or equip-  
11 ment, including the cost of installation, but excluding finance charges  
12 and cosmetic improvements.

13 (b) Provided further that an owner who is entitled to a rent increase  
14 pursuant to this paragraph shall not be entitled to a further rent  
15 increase based upon the installation of similar equipment, or new furni-  
16 ture or furnishings within the useful life of such new equipment, or new  
17 furniture or furnishings.

18 (c) The owner shall give written notice to the division of housing and  
19 community renewal and the tenant named in a vacancy lease on forms  
20 prescribed by the division of any such adjustment pursuant to this para-  
21 graph and the failure to provide such written notice as provided herein  
22 shall preclude the collection of any such adjustment. Such notice must  
23 include a detailed breakdown of the nature and cost of any improvements  
24 underlying an increase in rent under this paragraph and a statement that  
25 any increase above the previous rent is in accordance with adjustments  
26 permitted by law. The owner shall file with the division of housing and  
27 community renewal all documents necessary to support the collection of  
28 such increase, including, but not limited to, cancelled checks, invoices  
29 and signed contracts entered into contemporaneously with the improve-  
30 ments alleged.

31 § 6. Subdivision d of section 6 of section 4 of chapter 576 of the  
32 laws of 1974, constituting the emergency tenant protection act of nine-  
33 teen seventy-four, is amended by adding a new paragraph 6 to read as  
34 follows:

35 (6) (a) Within one hundred twenty days of the effective date of this  
36 paragraph, the division of housing and community renewal shall issue a  
37 schedule of reasonable costs for upgrades and improvements that may be  
38 claimed as a basis for an adjustment of rent pursuant to paragraph one  
39 of this subdivision. The schedule of reasonable costs shall exclude  
40 cosmetic improvements. The schedule of reasonable costs shall be based  
41 on the average costs for similar upgrades or improvements made to compa-  
42 erable properties located in each county, subject to the provisions of  
43 this act, and shall be updated at least once every two years. No  
44 increase in rent shall be collectible under paragraph one of this subdi-  
45 vision based upon costs that exceed the reasonable costs set forth in  
46 the schedule, unless approved by the division pursuant to subparagraph  
47 (b) of this paragraph.

48 (b) Within thirty days of the signing of a vacancy lease including a  
49 rent increase pursuant to paragraph one of this subdivision that  
50 includes improvements that exceed the schedule of reasonable costs  
51 pursuant to subparagraph (a) of this paragraph, the landlord will file  
52 with the division of housing and community renewal an explanation of how  
53 the vacancy rent was computed, and all documents necessary to support  
54 the collection of such increase, including but not limited to, cancelled  
55 checks, invoices and signed contracts contemporaneously with the  
56 improvements alleged and a statement that any increase above the previ-



ous rent is in accordance with adjustments permitted by law. Upon receipt of all documents submitted by the landlord, and after giving the tenant named in the vacancy lease an opportunity to respond, the division of housing and community renewal shall issue an order approving or disapproving such increase in whole or in part.

(c) Within thirty days of the signing of a vacancy lease including a rent increase that exceeds ten percent of the rent charged to the previous tenant, the landlord will file with the division of housing and community renewal an explanation of how the rent was computed, and all documents necessary to support the collection of such increase, including but not limited to, cancelled checks, invoices and signed contracts contemporaneously with the improvements alleged and a statement that any increase above the previous rent is in accordance with adjustments permitted by law. Upon receipt of all documents submitted by the owner, and after giving the tenant named in such vacancy lease an opportunity to respond, the division of housing and community renewal shall issue an order approving or disapproving such increase in whole or in part. Based upon such determination, the division of housing and community renewal shall order a refund to the tenant equal to the amount collected in excess of the rent approved by the division of housing and community renewal.

(d) No increase shall be collectible under paragraph one of this subdivision where the division of housing and community renewal has determined that the owner is not maintaining all building-wide required services or all required services with respect to the affected housing accommodation, or where there are current or outstanding hazardous violations of any municipal, county, state or federal law which relate to the maintenance of such services.

§ 7. Clause 5 of the second undesignated paragraph of paragraph (a) of subdivision 4 of section 4 of chapter 274 of the laws of 1946, constituting the emergency housing rent control law, as amended by section 25 of part B of chapter 97 of the laws of 2011, is amended to read as follows:

(5) the landlord and tenant by mutual voluntary written agreement agree to a substantial increase or decrease in dwelling space or a change in the services, furniture, furnishings or equipment provided in the housing accommodations; provided that an owner shall be entitled to a temporary rent increase until such modification or increase has been paid for where there has been a substantial modification or increase of dwelling space or an increase in the services, or installation of new equipment or improvements or new furniture or furnishings provided in or to a tenant's housing accommodation. The [permanent] temporary increase in the maximum rent for the affected housing accommodation shall be ~~[one-fortieth, in the case of a building with thirty-five or fewer housing accommodations, or one-sixtieth, in the case of a building with more than thirty-five housing accommodations where such permanent increase takes effect on or after September twenty-fourth, two thousand eleven,]~~ one eighty-fourth of the total cost incurred by the landlord in providing such modification or increase in dwelling space, services, furniture, furnishings or equipment, including the cost of installation, but excluding finance charges and cosmetic improvements provided further that an owner who is entitled to a rent increase pursuant to this clause shall not be entitled to a further rent increase based upon the installation of similar equipment, or new furniture or furnishings within the useful life of such new equipment, or new furniture or furnishings. The

1 owner shall give written notice to the commission of any such adjustment  
2 pursuant to this clause; or

3 § 8. This act shall take effect on the ninetieth day after it shall  
4 have become a law; provided that:

5 (a) the amendments to section 26-405 of the city rent and rehabili-  
6 tation law made by sections one and two of this act shall remain in full  
7 force and effect only as long as the public emergency requiring the  
8 regulation and control of residential rents and evictions continues, as  
9 provided in subdivision 3 of section 1 of the local emergency housing  
10 rent control act;

11 (b) the amendments to section 26-511 of chapter 4 of title 26 of the  
12 administrative code of the city of New York made by sections three and  
13 four of this act shall expire on the same date as such law expires and  
14 shall not affect the expiration of such law as provided under section  
15 26-520 of such law;

16 (c) the amendments to section 6 of the emergency tenant protection act  
17 of nineteen seventy-four made by sections five and six of this act shall  
18 expire on the same date as such act expires and shall not affect the  
19 expiration of such act as provided in section 17 of chapter 576 of the  
20 laws of 1974;

21 (d) the amendments to section 4 of the emergency housing rent control  
22 law made by section seven of this act shall expire on the same date as  
23 such law expires and shall not affect the expiration of such law as  
24 provided in subdivision 2 of section 1 of chapter 274 of the laws of  
25 1946; and

26 (e) effective immediately, the division of housing and community  
27 renewal is authorized to and shall promulgate all rules, regulations and  
28 standards necessary to implement the provisions of this act.