

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.