

STATE OF NEW YORK

2159

2019-2020 Regular Sessions

IN ASSEMBLY

January 22, 2019

Introduced by M. of A. JOYNER, ORTIZ, MOSLEY, SEAWRIGHT, BARRON, GOTTFRIED, PICHARDO, TAYLOR, NIOU, ARROYO, SIMON, COOK, BLAKE, EPSTEIN, HEVESI -- read once and referred to the Committee on Housing

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 tenant responses to applications for a major capital improvement rent increase

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

Section 1. Paragraph 1 of subdivision g of section 26-405 of the administrative code of the city of New York is amended by adding a new subparagraph (g-1) to read as follows:

(g-1) Where an application for a major capital improvement rent increase has been filed, a tenant shall have one hundred twenty days from the date of mailing of a notice of a proceeding in which to answer or reply. The city rent agency shall provide any responding tenant with the reasons for the city rent agency's approval or denial of such application; or

§ 2. Paragraph 6 of subdivision c of section 26-511 of the administrative code of the city of New York, as amended by section 29 of part A of chapter 20 of the laws of 2015, is amended to read as follows:

(6) provides criteria whereby the commissioner may act upon applications by owners for increases in excess of the level of fair rent increase established under this law provided, however, that such criteria shall provide (a) as to hardship applications, for a finding that the level of fair rent increase is not sufficient to enable the owner to maintain approximately the same average annual net income (which shall be computed without regard to debt service, financing costs or management fees) for the three year period ending on or within six months of the date of an application pursuant to such criteria as compared with annual net income, which prevailed on the average over the period nine-

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

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1 teen hundred sixty-eight through nineteen hundred seventy, or for the
2 first three years of operation if the building was completed since nine-
3 teen hundred sixty-eight or for the first three fiscal years after a
4 transfer of title to a new owner provided the new owner can establish to
5 the satisfaction of the commissioner that he or she acquired title to
6 the building as a result of a bona fide sale of the entire building and
7 that the new owner is unable to obtain requisite records for the fiscal
8 years nineteen hundred sixty-eight through nineteen hundred seventy
9 despite diligent efforts to obtain same from predecessors in title and
10 further provided that the new owner can provide financial data covering
11 a minimum of six years under his or her continuous and uninterrupted
12 operation of the building to meet the three year to three year compar-
13 ative test periods herein provided; and (b) as to completed building-
14 wide major capital improvements, for a finding that such improvements
15 are deemed depreciable under the Internal Revenue Code and that the cost
16 is to be amortized over an eight-year period for a building with thir-
17 ty-five or fewer housing accommodations, or a nine-year period for a
18 building with more than thirty-five housing accommodations, for any
19 determination issued by the division of housing and community renewal
20 after the effective date of the rent act of 2015, based upon cash
21 purchase price exclusive of interest or service charges.

22 Where an application for a major capital improvement rent increase has been
23 filed, a tenant shall have one hundred twenty days from the date of
24 mailing of a notice of a proceeding in which to answer or reply. The
25 state division of housing and community renewal shall provide any
26 responding tenant with the reasons for the division's approval or denial
27 of such application.

28 Notwithstanding anything to the contrary contained
29 herein, no hardship increase granted pursuant to this paragraph shall,
30 when added to the annual gross rents, as determined by the commissioner,
31 exceed the sum of, (i) the annual operating expenses, (ii) an allowance
32 for management services as determined by the commissioner, (iii) actual
33 annual mortgage debt service (interest and amortization) on its indebt-
34 edness to a lending institution, an insurance company, a retirement fund
35 or welfare fund which is operated under the supervision of the banking
36 or insurance laws of the state of New York or the United States, and
37 (iv) eight and one-half percent of that portion of the fair market value
38 of the property which exceeds the unpaid principal amount of the mort-
39 gage indebtedness referred to in subparagraph (iii) of this paragraph.
40 Fair market value for the purposes of this paragraph shall be six times
41 the annual gross rent. The collection of any increase in the stabilized
42 rent for any apartment pursuant to this paragraph shall not exceed six
43 percent in any year from the effective date of the order granting the
44 increase over the rent set forth in the schedule of gross rents, with
45 collectability of any dollar excess above said sum to be spread forward
46 in similar increments and added to the stabilized rent as established or
47 set in future years;

48 § 3. Subdivision d of section 6 of section 4 of chapter 576 of the
49 laws of 1974, constituting the emergency tenant protection act of nine-
50 teen seventy-four, is amended by adding a new paragraph (3-a) to read as
51 follows:

52 (3-a) an application for a major capital improvement rent increase has
53 been filed, a tenant shall have one hundred twenty days from the date of
54 mailing of a notice of a proceeding in which to answer or reply. The
55 state division of housing and community renewal shall provide any
56 responding tenant with the reasons for the division's approval or denial
of such application; or

§ 4. Subparagraph 7 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 32 of part A of chapter 20 of the laws of 2015, is amended to read as follows:

(7) there has been since March first, nineteen hundred fifty, a major capital improvement required for the operation, preservation or maintenance of the structure; which for any order of the commissioner issued after the effective date of the rent act of 2015 the cost of such improvement shall be amortized over an eight-year period for buildings with thirty-five or fewer units or a nine year period for buildings with more than thirty-five units, provided, however, where an application for a major capital improvement rent increase has been filed, a tenant shall have one hundred twenty days from the date of mailing of a notice of a proceeding in which to answer or reply. The state division of housing and community renewal shall provide any responding tenant with the reasons for the division's approval or denial of such application; or

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

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

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

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

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