

STATE OF NEW YORK

8334

IN SENATE

February 15, 2022

Introduced by Sen. CLEARE -- 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 general business law, the real property law, and the state finance law, in relation to providing expanded homeownership opportunities from the conversion of certain residential rental buildings to condominium status by property owners that commit to preserve the inventory of expiring affordable housing in the city of New York

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

1 Section 1. The general business law is amended by adding a new section
2 352-eeeeee to read as follows:

3 § 352-eeeeee. Conversions to condominium ownership for the preservation
4 of expiring affordable housing in the city of New York. 1. As used in
5 this section, the following words and terms shall have the following
6 meanings:

7 (a) "Annual update amendment". An annual update amendment is an amend-
8 ment to the preservation plan that shall be submitted to the attorney
9 general every year that a dwelling unit is unsold, with the first such
10 annual update amendment due within forty-five days of the anniversary of
11 the acceptance of the post-closing amendment to the preservation plan.
12 An annual update amendment shall supply the evidence, data and informa-
13 tion required in this section, and such other information as the attor-
14 ney general's regulations shall require, so that the attorney general is
15 satisfied that the preservation plan as amended discloses the informa-
16 tion necessary for a reasonable investor to make his or her purchase
17 decision and that the preservation plan is otherwise complete, current
18 and accurate.

19 (b) "Bona fide purchaser". A bona fide purchaser is either (i) a
20 tenant in occupancy who enters into a purchase agreement for a dwelling
21 unit pursuant to his, her, or its exercise of one of the rights accorded
22 to tenants in occupancy in subdivision five of this section, or (ii) a
23 bona fide nontenant purchaser.

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

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1 (c) "Bona fide non-tenant purchaser". A bona fide non-tenant purchaser
2 is a purchaser of a dwelling unit who has represented that he, she, or
3 they or a member or members of his, her or their immediate family intend
4 to occupy the dwelling unit when it becomes vacant.

5 (d) "Commercially reasonable good faith effort". A commercially
6 reasonable good faith effort on the part of an offeror of a preservation
7 plan shall, at minimum, include (i) the filing of an annual update
8 amendment to the preservation plan; (ii) all of the condominium's dwell-
9 ing units other than any income-restricted rental units as the units
10 being offered for sale under the preservation plan, each at an offering
11 price that is consistent with comparable dwelling units recently sold
12 within the locality; and (iii) entering into a written agreement with a
13 licensed real estate broker or selling agent in connection with the sale
14 of dwelling units offered for sale under the preservation plan. For the
15 avoidance of doubt, a commercially reasonable good faith effort shall
16 not require an offeror to sell dwelling units at a price substantially
17 below the market-rate for comparable units recently sold within the
18 locality, nor shall it require an offeror to offer for sale dwelling
19 units that are occupied by non-purchasing tenants.

20 (e) "Condominium". A condominium shall also include a qualified lease-
21 hold condominium as defined in subdivision twelve of section three
22 hundred thirty-nine-e of the real property law.

23 (f) "Consummation of the preservation plan". Consummation of the pres-
24 ervation plan shall refer to the filing of the declaration for the
25 condominium and the first transfer of title to at least one purchaser
26 under the preservation plan following a declaration of effectiveness by
27 the department of law declaring the preservation plan effective.

28 (g) "Eligible disabled persons". Non-purchasing tenants who have an
29 impairment which results from anatomical, physiological or psychological
30 conditions, other than addiction to alcohol, gambling, or any controlled
31 substance, which are demonstrable by medically acceptable clinical and
32 laboratory diagnostic techniques, and which are expected to be permanent
33 and which prevent the tenant from engaging in any substantial gainful
34 employment on the date the preservation plan is submitted to the depart-
35 ment of law or on the date the attorney general has accepted the preser-
36 vation plan for filing, and the spouses of any such tenants on such
37 date, and who have elected, within sixty days of the date the preserva-
38 tion plan is submitted to the department of law or on the date the
39 attorney general has accepted the preservation plan for filing, on forms
40 promulgated by the attorney general and presented to such tenants by the
41 offeror, to become non-purchasing tenants under the provisions of this
42 section; provided, however, that if the disability first occurs after
43 acceptance of the preservation plan for filing, then such election may
44 be made within sixty days following the onset of such disability unless
45 during the period subsequent to sixty days following the acceptance of
46 the preservation plan for filing but prior to such election, the offeror
47 accepts a written agreement to purchase the apartment from a bona fide
48 purchaser; and provided further that such election shall not preclude
49 any such tenant from subsequently purchasing the dwelling unit if it is
50 not an income-restricted rental unit on the terms then offered to
51 tenants in occupancy.

52 (h) "Eligible senior citizens". Non-purchasing tenants who are sixty-
53 two years of age or older on the date the preservation plan is submitted
54 to the department of law or on the date the attorney general has
55 accepted the plan for filing, and the spouses of any such tenants on
56 such date, and who have elected, within sixty days of the date the pres-

1 ervation plan is submitted to the department of law or on the date the
2 attorney general has accepted the preservation plan for filing, on forms
3 promulgated by the attorney general and presented to such tenants by the
4 offeror, to become non-purchasing tenants under the provisions of this
5 section; provided that such election shall not preclude any such tenant
6 from subsequently purchasing the dwelling unit on the terms then offered
7 to tenants in occupancy.

8 (i) "Extended affordability term". The extended affordability term for
9 the income-restricted rental units shall be in perpetuity for so long as
10 the building or group of buildings or development are in existence, and
11 subject to any obligation to rebuild in the event of condemnation,
12 damage or destruction required by the new regulatory agreement with the
13 relevant housing finance agency.

14 (j) "Inclusionary housing unit". An inclusionary housing unit is an
15 income-restricted rental unit that is located within an inclusionary
16 housing designated area or a mandatory inclusionary housing area.

17 (k) "Inclusionary housing designated area". An inclusionary housing
18 designated area is a specified area in which the inclusionary housing
19 program (also known as the voluntary inclusionary housing program) is
20 applicable, pursuant to the regulations set forth for such areas in
21 section 23-90 of the zoning resolution. The locations of inclusionary
22 housing designated areas are identified in either (i) appendix "F" of
23 the zoning resolution or (ii) in a special purpose district as described
24 in section 15-011 of the zoning resolution.

25 (l) "Income-restricted rental unit". An income-restricted rental unit
26 shall refer to a dwelling unit located in a building or group of build-
27 ings or development that is the subject of a preservation plan submitted
28 to the attorney general pursuant to this section, and such dwelling
29 unit:

30 (i) meets the definition of a "low-income unit" as such term is
31 defined in section forty-two of the internal revenue code and is subject
32 to a regulatory agreement with a relevant housing finance agency; or

33 (ii) meets the definition of a "low-income unit" as such term is
34 defined in subdivision (d) of section one hundred forty-two of the
35 internal revenue code and is subject to a regulatory agreement with a
36 relevant housing finance agency; or

37 (iii) previously met the definition of "low-income unit" pursuant to
38 the preceding subparagraph (i) or (ii) of this paragraph, and notwith-
39 standing the expiration of a regulatory agreement with a relevant hous-
40 ing finance agency, the owner of such dwelling unit affirms, under the
41 penalty of perjury, that it has continuously operated and rented the
42 dwelling unit (A) as if it remained an income-restricted rental unit and
43 (B) as if all of the restrictions of the expired regulatory agreement
44 had continuously been extended or otherwise remained in effect; or

45 (iv) is a dwelling unit located within a building or group of build-
46 ings or development that, in accordance with provisions of section four
47 hundred twenty-one-a of the real property tax law, the local housing
48 agency shall have required to be a unit affordable to families of low
49 and moderate income; or

50 (v) is a dwelling unit that is rented to persons of low income or
51 families of low income as defined in subdivision nineteen of section two
52 of the private housing finance law or as otherwise required by a feder-
53 al, state, or local law or mandate.

54 (m) "Mandatory inclusionary housing area". A mandatory inclusionary
55 housing area is a specified area in which the inclusionary housing
56 program is applicable, pursuant to the regulations set forth for such

areas in section 23-90 of the zoning resolution. The locations of mandatory inclusionary housing areas are identified in either (i) appendix "F" of the zoning resolution or (ii) in a special purpose district as described in section 15-011 of the zoning resolution.

(n) "Non-purchasing tenant". A person who has not purchased under the preservation plan and who is a tenant entitled to possession at the time the preservation plan is declared effective or a person to whom a dwelling unit is rented subsequent to the effective date. A person who sublets a dwelling unit from a purchaser under the preservation plan shall not be deemed a non-purchasing tenant. A tenant entitled to possession of an income-restricted rental unit at the time the preservation plan is declared effective is a non-purchasing tenant, notwithstanding that the income-restricted rental units are not offered for sale pursuant to such preservation plan.

(o) "Post-closing amendment". A post-closing amendment is an amendment to a preservation plan filed with the attorney general confirming that the preservation plan has been consummated.

(p) "Preservation plan". An offering statement or prospectus submitted to the department of law pursuant to this section for the conversion of a building or group of buildings or development from rental status to condominium ownership, wherein the offeror documents that it has agreed to an extended affordability term for the income-restricted rental units with a relevant housing finance agency.

(q) "Purchaser under the preservation plan". A purchaser under the preservation plan is a person who purchases a dwelling unit from offeror pursuant to the terms of a preservation plan that has been accepted for filing by the attorney general. A person or entity that acquires dwelling units and assumes certain obligations of offeror shall not be considered a purchaser under the preservation plan.

(r) "Relevant housing finance agency". Relevant housing finance agency shall refer to a city or state agency with oversight over income-restricted rental units due to the receipt of substantial government assistance prior to the date of submission of a preservation plan. For purposes of this section, a relevant housing finance agency shall also refer to the city or state agency that will continue to have oversight of income-restricted rental units after consummation of the preservation plan.

(s) "Regulatory agreement". A regulatory agreement shall refer to the written agreement with a relevant housing finance agency that restricts the income and rents of income-restricted rental units that is either: (i) in effect prior to the date of submission of a preservation plan; or (ii) in effect after consummation of the preservation plan.

(t) "Substantial government assistance". Substantial government assistance shall refer to either (i) low income housing tax credits under section forty-two of the internal revenue code or (ii) bond financing under section one hundred forty-two of the internal revenue code.

(u) "Zoning resolution". Zoning resolution shall refer to the zoning resolution of the city of New York.

2. The attorney general shall refuse to accept for submission a preservation plan for the conversion of a building or group of buildings or development to condominium ownership under this section where the attorney general determines that any of the following is applicable:

(a) The preservation plan is for a building or group of buildings or development that receives a partial property tax exemption pursuant to section four hundred-twenty-one-a of the real property tax law, and the

1 applicable governing provisions of section four hundred-twenty-one-a of
2 the real property tax law prohibit the dwelling units being offered for
3 sale from being owned pursuant to condominium ownership; or

4 (b) The preservation plan is for a building or group of buildings or
5 development that the offeror or a predecessor-in-title to offeror volun-
6 tarily renounced the receipt of a full or partial tax exemption, tax
7 abatement or benefit under the real property tax law or the private
8 housing finance law, or satisfied the terms and conditions of a regula-
9 tory agreement involving substantial government assistance prior to its
10 expiration date, for purposes of complying with this section; or

11 (c) The preservation plan is for a building or group of buildings or
12 development that either: (i) receives a partial tax exemption under
13 section four hundred twenty-one-a of the real property tax law which has
14 a remaining term of more than three years as of the date of submission
15 of the preservation plan; or (ii) includes income-restricted dwelling
16 units with a regulatory agreement where the compliance period, as such
17 term is defined by section forty-two of the internal revenue code, has
18 not yet expired. Nothing in this paragraph shall be interpreted as
19 prohibiting the attorney general from accepting for filing a preserva-
20 tion plan that contains income-restricted rental units as defined in
21 subparagraph (iii) of paragraph (1) of subdivision one of this section;
22 or

23 (d) The preservation plan is for a building or group of buildings or
24 development, wherein the only income-restricted rental units of the
25 building or group of buildings or development are inclusionary housing
26 units unless the owner of such building or group of buildings or devel-
27 opment has agreed to set aside twenty percent of the total number of
28 dwelling units that are not inclusionary housing units as income-res-
29 tricted rental units.

30 3. At the time of submission of the preservation plan, the offeror
31 shall confirm that it has reached an agreement with a relevant housing
32 finance agency regarding the income-restricted rental units during the
33 extended affordability term, and shall include the following disclo-
34 tures:

35 (a) A list of the proposed income-restricted rental units;

36 (b) The proposed owner of the income-restricted rental units, if not
37 the offeror;

38 (c) The operating expenses and revenues applicable to the income-res-
39 tricted rentals units, which shall be reflected in the updated Schedule
40 A and Schedule B for the first year of operation of the condominium, the
41 allocation of common interests, projected common charges, estimated real
42 estate taxes, and rents to be collected from each income-restricted
43 rental unit, and the allocation of common expenses under section three
44 hundred thirty-nine-m of the real property law, applicable to the
45 income-restricted rental units, which shall be used to limit certain
46 condominium expenses allocable to the income-restricted rental units and
47 to cover any shortfall in the revenue from rent to cover the costs of
48 operation of the income-restricted rental units;

49 (d) A description of any financing encumbering the income-restricted
50 rental units, and whether a tax exemption or abatement is in place to
51 reduce real estate taxes for the income-restricted rental units;

52 (e) A description of any regulatory agreement or agreements to be
53 recorded against the income-restricted rental units and the term thereof
54 and the relevant housing finance agency or agencies with supervisory
55 oversight;

1 (f) A description of the provisions of the declaration and by-laws for
2 the condominium that provides for the special allocation of common
3 expenses in accordance with section three hundred thirty-nine-m of the
4 real property law, and any specific requirements set forth in a regula-
5 tory agreement requiring unit owners in the condominium to cover any
6 shortfall in the revenue from rent to cover the costs of operation of
7 the income-restricted rental units;

8 (g) A description of the contemplated structure of the board of manag-
9 ers of the condominium, including specifically an explanation as to how
10 the interests of the owner of the income-restricted rental units are to
11 be adequately represented;

12 (h) The name, address and contact details for the relevant housing
13 finance agency or agencies with supervisory oversight of the income-res-
14 tricted rental units and the occupants within;

15 (i) A provision that once a vacancy occurs of an income-restricted
16 rental unit, that income-restricted rental unit may only be leased to
17 low income households whose annual household income is at or below fifty
18 percent of area median income at the time of the initial lease, and that
19 the initial rent shall not exceed the rent set forth by the relevant
20 housing finance agency for a household with an annual income at or below
21 fifty percent of the area median income;

22 (j) A representation by offeror that the regulatory agreement includes
23 and accounts for (i) all of the existing on-site income-restricted
24 rental units in an existing building or group of buildings or develop-
25 ment, or (ii) all of the income-restricted rental units associated with
26 an existing building or group of buildings or development located on a
27 zoning lot where one or more buildings were set aside as affordable
28 housing for purposes of qualifying for a partial property tax exemption
29 pursuant to section four hundred twenty-one-a of the real property tax
30 law;

31 (k) The income-restricted rental units may not be removed from rent
32 stabilization pursuant to the exemption for units owned as a condominium
33 under sections 2520.11 and 2500.9 of the rent stabilization code or
34 section 26-504 of the administrative code of the city of New York; and

35 (l) The recording of the condominium declaration and commencement of
36 condominium operations does not modify the requirement under section
37 four hundred twenty-one-a of the real property tax law that all residen-
38 tial rental apartments are subject to rent stabilization laws.

39 4. Upon submission of the preservation plan to the department of law,
40 each tenant in the building or group of buildings or development of a
41 dwelling unit being offered for sale shall be provided with a written
42 notice stating that such preservation plan has been submitted to the
43 department of law. Written notice to each tenant in occupancy shall
44 contain or be accompanied by:

45 (a) a copy of the preservation plan;

46 (b) a statement that tenants of the dwelling units being offered for
47 sale pursuant to the preservation plan or their representatives may
48 physically inspect the premises at any time subsequent to the submission
49 of the preservation plan to the department of law, during normal busi-
50 ness hours, upon written request made by them to the offeror, provided
51 such representatives are registered architects or professional engineers
52 licensed by the office of the professions of the education department of
53 the state of New York; and

54 (c) a statement that tenants of the income-restricted rental units are
55 not being offered for sale the dwelling units they occupy, but their
56 tenancies shall continue undisturbed during and after the conversion of

1 the property to condominium ownership. The statement shall also disclose
2 that the income-restricted rental units shall remain subject to the rent
3 stabilization code for the duration of the current tenant's occupancy of
4 an income-restricted rental unit, and for all future tenants of an
5 income-restricted rental unit, throughout the extended affordability
6 term.

7 5. The tenants in occupancy of dwelling units being offered for sale
8 on the date the attorney general accepts the preservation plan for
9 filing shall have the exclusive right to purchase their dwelling units
10 for ninety days after the preservation plan has been accepted for filing
11 by the attorney general, during which time the offering price available
12 to the tenant in occupancy may not be increased and a tenant's dwelling
13 unit shall not be shown to a third party unless he or she has, in writ-
14 ing, waived his or her right to purchase. Subsequent to the expiration
15 of such ninety day period, a tenant in occupancy of a dwelling unit who
16 has not purchased shall be given the exclusive right for an additional
17 six months from said expiration date to purchase said dwelling unit on
18 the same terms and conditions as are contained in any executed contract
19 to purchase said dwelling unit entered into by a purchaser under the
20 preservation plan, such exclusive right to be exercisable within fifteen
21 days from the date of mailing by registered mail of notice of the
22 execution of a contract of sale together with a copy of said executed
23 purchase agreement to said tenant.

24 6. The preservation plan shall also disclose that offeror shall:

25 (a) market and sell all the dwelling units (other than the income-res-
26 tricted rental units) in the building or group of buildings or develop-
27 ment, as each such dwelling unit becomes vacant, to a purchaser under
28 the preservation plan through the use of commercially reasonable good
29 faith efforts;

30 (b) fund a reserve in the manner and amount as provided in section
31 three hundred thirty-nine-mm of the real property law;

32 (c) file an annual update amendment every year which shall include an
33 updated Schedule A of all dwelling units being offered for sale under
34 the preservation plan; and

35 (d) exercise commercially reasonable good faith efforts to sell at
36 least fifty-one percent of the total number of dwelling units offered
37 for sale under the preservation plan (excluding any income-restricted
38 rental units not offered for sale) within five years from the date of
39 the post-closing amendment.

40 7. After the issuance of the letter from the attorney general stating
41 that the preservation plan has been accepted for filing, the offeror
42 shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth day after
43 such date and at least once every thirty days until the preservation
44 plan is declared effective or abandoned, as the case may be, and on the
45 second day before the expiration of any exclusive purchase period
46 provided in a substantial amendment to the preservation plan:

47 (a) file with the attorney general a written statement under oath
48 setting forth the percentage of bona fide tenants in occupancy of all
49 dwelling units in the building or group of buildings or development on
50 the date the preservation plan was accepted for filing by the attorney
51 general who have executed and delivered written agreements to purchase
52 under the preservation plan as of the date of such written statement
53 under oath; and

54 (b) before noon on the day such statement is filed post a copy of such
55 written statement under oath in a prominent place accessible to all
56 tenants in each building covered by the preservation plan.

1 8. A preservation plan may not be declared effective until written
2 purchase agreements have been executed and delivered for at least
3 fifteen percent of all dwelling units offered for sale in the building
4 or group of buildings or development from either (a) bona fide tenants
5 who were in occupancy on the date a letter was issued by the attorney
6 general accepting the preservation plan for filing or (b) bona fide
7 non-tenant purchasers. The purchase agreement shall be executed and
8 delivered pursuant to an offering made in good faith without fraud and
9 discriminatory repurchase agreements or other discriminatory induce-
10 ments. A negotiated reduction from the original offering price extended
11 shall not, by itself, be deemed a discriminatory inducement.

12 9. Those written statements under oath that the offeror is required to
13 file with the attorney general pursuant to subdivision seven of this
14 section shall also include:

15 (a) the total number of written agreements to purchase under the pres-
16 ervation plan received from bona fide non-tenant purchasers;

17 (b) the total number of written agreements to purchase under the pres-
18 ervation plan received from all bona fide tenants in occupancy;

19 (c) the percentage of dwelling units under contract, calculated by
20 adding the number of written purchase agreements for a unit that were
21 received from (i) all bona fide tenants in occupancy plus (ii) all bona
22 fide nontenant purchasers and then dividing the sum of those two numbers
23 by the total number of dwelling units offered for sale under the preser-
24 vation plan;

25 (d) whether or not offeror intends to claim a credit against the
26 mandatory initial contribution offeror is obligated to deposit into the
27 condominium's reserve fund pursuant to subdivision three of section
28 three hundred thirty-nine-mm of the real property law for the actual
29 cost of capital replacements which offeror has begun after the preserva-
30 tion plan was submitted for filing to the department of law but before
31 the preservation plan is declared effective, together with their actual
32 or estimated costs which credit shall not exceed the actual cost of the
33 credit;

34 (e) whether or not offeror shall be making its reserve fund contrib-
35 utions required pursuant to section three hundred thirty-nine-mm earlier
36 or in an amount greater than required; and

37 (f) a representation that no purchaser counted for purposes of declar-
38 ing the preservation plan effective is the offeror, the selling agent or
39 the managing agent, or is a principal of the offeror, the selling agent,
40 or the managing agent or is related to any principal of the offeror, any
41 principal of the selling agent or any principal of the managing agent by
42 blood, marriage, or adoption, or is an affiliate, business associate, an
43 employee, a shareholder, a member, a manager, a director, an officer a
44 limited partner of offeror, selling agent or managing agent.

45 10. The preservation plan shall provide that it will be deemed aban-
46 doned, void and of no effect if it does not become effective within
47 fifteen months from the date of issue of the letter of the attorney
48 general stating that the preservation plan has been accepted for filing
49 and, in the event of such abandonment, no new plan for the conversion of
50 such building or group of buildings or development shall be submitted to
51 the attorney general for at least twelve months after such abandonment.

52 11. No closings of title of a dwelling unit to a purchaser under the
53 preservation plan shall take place until the attorney general shall have
54 also accepted for filing an amendment that declares the preservation
55 plan effective. Within forty-five days of the first closing of title of
56 a dwelling unit to a purchaser under the preservation plan, offeror

1 shall submit to the attorney general its post-closing amendment to the
2 preservation plan. Thereafter, the preservation plan shall continually
3 be updated with the filing of an annual update amendment, no later than
4 thirty days from the anniversary of the date the attorney general
5 accepted the post-closing amendment for filing. An offeror or successor
6 offeror shall only be relieved of its obligation to file an annual
7 update amendment to the preservation plan after the last dwelling unit
8 offered for sale is conveyed to a purchaser under the preservation plan.

9 12. After the date of acceptance for filing of the post-closing amend-
10 ment, the offeror shall continue to make commercially reasonable good
11 faith efforts to sell the dwelling units it owns.

12 13. The attorney general shall refuse to accept for filing an annual
13 update amendment to the preservation plan unless:

14 (a) The annual update amendment discloses, in addition to the other
15 disclosures required elsewhere in this section or the regulations of the
16 attorney general, the following data and information:

17 (i) an accounting of the dwelling units sold and closed by the offeror
18 in the preceding twelve months, with an indication if the dwelling unit
19 was conveyed to a purchaser under the preservation plan or to a succes-
20 sor offeror;

21 (ii) an inventory of the offeror's unsold dwelling units at the end of
22 the preceding twelve months, in form and substance as shall satisfy the
23 attorney general; and

24 (iii) all the information, data and literature presented by the board
25 of managers in its semiannual reports on the status of the reserve fund
26 as required under subdivision five of section three hundred thirty-nine-
27 mm of the real property law.

28 (b) The annual update amendment shall be accompanied by an affidavit
29 from a principal of the offeror attesting to the following data and
30 information with respect to all the dwelling units offeror then owns:

31 (i) the dwelling units' identifying information and general location;

32 (ii) whether, on the date of submission of the annual update amend-
33 ment, the unsold dwelling unit is subject to a fully executed purchase
34 agreement, and if so, whether the purchaser is a purchaser under the
35 preservation plan or otherwise;

36 (iii) whether, on the date of submission of the annual update amend-
37 ment, the dwelling unit is occupied or vacant, and if occupied, an indi-
38 cation that occupancy is:

39 (A) by a rent-regulated tenant;

40 (B) by a market-rate tenant;

41 (C) a month-to-month tenancy;

42 (D) a tenancy at sufferance; or

43 (E) other.

44 (iv) notwithstanding the occupancy status of a dwelling unit on the
45 date of submission of the annual update amendment, an indication if the
46 dwelling unit was vacant for more than one of the twelve preceding
47 months. For each dwelling unit so indicated, offeror shall also
48 disclose:

49 (A) the date range of that the dwelling unit was vacant;

50 (B) the date range for any period of time that the dwelling unit was
51 marketed for sale;

52 (C) date of sale;

53 (D) the date the dwelling unit was leased by a tenant; and

54 (E) the date the lease is set to expire (if applicable).

55 14. No eviction proceedings shall be commenced at any time against
56 non-purchasing tenants for failure to purchase or for any other reason

1 applicable to expiration of tenancy; provided that such proceedings may
2 be commenced for non-payment of rent, illegal use or occupancy of the
3 premises, refusal of reasonable access to the owner or a similar breach
4 by the non-purchasing tenant of his, her or their obligations to the
5 owner of the dwelling unit; and provided further that an owner of a unit
6 may not commence an action to recover possession of a dwelling unit from
7 a non-purchasing tenant on the grounds that he, she or they seek the
8 dwelling unit for the use and occupancy of himself or herself or his,
9 her or their family's use and occupancy.

10 15. No eviction proceedings shall be commenced, except as provided in
11 this subdivision, at any time against either eligible senior citizens or
12 eligible disabled persons. The rentals of eligible senior citizens and
13 eligible disabled persons who reside in dwelling units not subject to
14 government regulation as to rentals and continued occupancy and eligible
15 senior citizens and eligible disabled persons who reside in dwelling
16 units with respect to which government regulation as to rentals and
17 continued occupancy is eliminated or becomes inapplicable after the
18 preservation plan has been accepted for filing shall not be subject to
19 unconscionable increases beyond ordinary rentals for comparable apart-
20 ments during the period of their occupancy considering, in determining
21 comparability, such factors as building services, level of maintenance
22 and operating expenses; provided that such proceedings may be commenced
23 against such tenants for non-payment of rent, illegal use or occupancy
24 of the premises, refusal of reasonable access to the owner or a similar
25 breach by the tenant of his, her or their obligations to the owner of
26 the dwelling unit.

27 16. Eligible senior citizens and eligible disabled persons who reside
28 in dwelling units subject to government regulation as to rentals and
29 continued occupancy shall continue to be subject thereto.

30 17. The rights granted under the preservation plan to eligible senior
31 citizens and eligible disabled persons may not be abrogated or reduced
32 notwithstanding any expiration of, or amendment to, this section.

33 18. Any offeror who disputes the election by a person to be an eligi-
34 ble senior citizen or an eligible disabled person shall apply to the
35 attorney general within thirty days of the receipt of the election forms
36 for a determination by the attorney general of such person's eligibil-
37 ity. The attorney general shall, within thirty days thereafter, issue a
38 determination of eligibility. The foregoing shall, in the absence of
39 fraud, be the sole method for determining a dispute as to whether a
40 person is an eligible senior citizen or an eligible disabled person. The
41 determination of the attorney general shall be reviewable only through a
42 proceeding under article seventy-eight of the civil practice law and
43 rules, which proceeding shall be commenced within thirty days after such
44 determination by the attorney general becomes final.

45 19. Non-purchasing tenants who reside in dwelling units subject to
46 government regulation as to rentals and continued occupancy prior to the
47 conversion of the building or group of buildings or development to
48 condominium ownership shall continue to be subject thereto.

49 20. The rentals of non-purchasing tenants who reside in dwelling units
50 not subject to government regulation as to rentals and continued occu-
51 pancy and non-purchasing tenants who reside in dwelling units with
52 respect to which government regulation as to rentals and continued occu-
53 pancy is eliminated or becomes inapplicable after the preservation plan
54 has been accepted for filing by the attorney general shall not be
55 subject to unconscionable increases beyond ordinary rentals for compara-
56 ble apartments during the period of their occupancy. In determining

1 comparability, consideration shall be given to such factors as building
2 services, level of maintenance and operating expenses.

3 21. The rights granted under the preservation plan to purchasers under
4 the preservation plan and to non-purchasing tenants may not be abrogated
5 or reduced notwithstanding any expiration of, or amendment to, this
6 section.

7 22. Any local legislative body may adopt local laws and any agency,
8 officer or public body may prescribe rules and regulations with respect
9 to the continued occupancy by tenants of dwelling units which are
10 subject to regulation as to rentals and continued occupancy pursuant to
11 law, provided that in the event that any such local law, rule or regu-
12 lation shall be inconsistent with the provisions of this section, the
13 provisions of this section shall control.

14 23. The attorney general shall refuse to accept for filing a preserva-
15 tion plan when the attorney general determines: (a) that one or more of
16 the income-restricted rental units within the building, group of build-
17 ings or development was vacant on the date of submission; or (b) of the
18 dwelling units that are not income-restricted rental units, an excessive
19 number of long-term vacancies did not exist on the date that the preser-
20 vation plan was first submitted to the department of law. For purposes
21 of this subdivision, "long-term vacancies" shall mean dwelling units not
22 leased or occupied by bona fide tenants for more than five months prior
23 to the date of such submission to the department of law; and "excessive"
24 shall mean a vacancy rate in excess of the greater of (i) ten percent
25 and (ii) a percentage that is double the normal average vacancy rate for
26 the building or group of buildings or development for two years prior to
27 the January preceding the date the preservation plan was first submitted
28 to the department of law.

29 24. All dwelling units occupied by non-purchasing tenants shall be
30 managed by the same managing agent who manages all other dwelling units
31 in the building or group of buildings or development. Such managing
32 agent shall provide to non-purchasing tenants all services and facili-
33 ties required by law on a non-discriminatory basis. The offeror shall
34 guarantee the obligation of the managing agent to provide all such
35 services and facilities until such time as the offeror surrenders
36 control of the board of managers, at which time the board of managers of
37 the condominium shall assume responsibility for the provision of all
38 services and facilities required by law on a non-discriminatory basis.

39 25. It shall be unlawful for any person to engage in any course of
40 conduct, including, but not limited to, interruption or discontinuance
41 of essential services, which substantially interferes with or disturbs
42 the comfort, repose, peace or quiet of any tenant in his, her or their
43 use or occupancy of his, her or their dwelling unit or the facilities
44 related thereto. The attorney general may apply to a court of competent
45 jurisdiction for an order restraining such conduct and, if he deems it
46 appropriate, an order restraining the owner from selling the dwelling
47 unit itself or from proceeding with the plan of conversion; provided
48 that nothing contained herein shall be deemed to preclude the tenant
49 from applying on his, her or their own behalf for similar relief.

50 26. Any provision of a lease or other rental agreement which purports
51 to waive a tenant's rights under this section or rules and regulations
52 promulgated pursuant hereto shall be void as contrary to public policy.

53 27. Notwithstanding the requirements of this section regarding the
54 preservation of income-restricted rental units as rental housing, and to
55 the extent permitted under existing law as it relates to the income-res-
56 tricted rental units, the income-restricted rental units in a building

1 or group of buildings or development that is the subject of a preserva-
2 tion plan may be offered for sale to existing tenants in occupancy or
3 other qualified low-income purchasers, if the relevant housing finance
4 agency provides a letter of ownership support to the department of law
5 prior to the preservation plan being accepted for filing confirming that
6 the proposed offering of such income-restricted ownership units meet the
7 following criteria: (a) the offering prices are affordable to the exist-
8 ing tenants and/or the qualified low-income purchasers who meet the
9 definition of persons of low income or families of low income as defined
10 by subdivision nineteen of section two of the private housing finance
11 law; (b) adequate provisions exist in a regulatory agreement, condomin-
12 ium declaration and by-laws to ensure that once conveyed, income-res-
13 tricted ownership units shall remain affordable to qualified low-income
14 owners and subsequent purchasers and owners for so long as the condomin-
15 ium is in existence; (c) the regulatory agreement, condominium declara-
16 tion and by-laws allow for adequate oversight of the income-restricted
17 ownership units by the relevant housing finance agency to ensure such
18 dwelling units are occupied by qualified low-income purchasers; and (d)
19 that the relevant housing finance agency is legally authorized and capa-
20 ble of enforcing these provisions and covenants to do so. If the
21 income-restricted rental units to be sold are subject to a regulatory
22 agreement or agreements with more than one relevant housing finance
23 agency, each such relevant housing finance agency must provide a letter
24 of ownership support.

25 28. It shall be unlawful for an offeror, its designees and/or succes-
26 sors to have or exercise voting control of the condominium's board of
27 managers for more than ninety days from the fifth anniversary date of
28 the first closing of title to a dwelling unit, or whenever the unsold
29 dwelling units constitute less than fifty percent of the common inter-
30 ests appurtenant to all dwelling units, whichever is sooner.

31 29. The attorney general may, in her discretion, waive the requirement
32 in paragraph (d) of subdivision six of this section that an offeror sell
33 at least fifty-one percent of the dwelling units offered for sale under
34 the preservation plan when the offeror provides proof satisfactory to
35 the attorney general that five years of commercially reasonable good
36 faith efforts did not result in the sale of fifty-one percent of the
37 dwelling units. If such waiver is granted, the offeror shall be required
38 to disclose the new date by which it will sell at least fifty-one
39 percent of the dwelling units offered for sale under the preservation
40 plan in its subsequent annual update amendment. Any waiver granted here-
41 under shall not alleviate an offeror, its designees and/or successors of
42 the obligation set forth in subdivision twenty-eight of this section.

43 30. Within ninety days of the effective date of this section, the
44 attorney general shall submit a notice of proposed rulemaking for publi-
45 cation in the state register which shall contain the suitable rules
46 necessary to carry out the provisions of this section. The authority of
47 the attorney general to promulgate, adopt, publish, notify, review,
48 amend, modify, reconsider, or rescind any rule or regulation as may be
49 conferred anywhere within this section shall comply with the state
50 administrative procedure act in all respects.

51 31. For any offering statement or prospectus (including, without limi-
52 tation, a preservation plan and any amended filings thereto), submitted
53 to the department of law pursuant to this section, the filing fees set
54 forth in paragraph (a) of subdivision seven of section three hundred
55 fifty-two-e of this article shall not apply. Instead, an offeror shall
56 tender the following filing fee with and for its submission:

1 (a) seven hundred fifty dollars for every offering not in excess of
2 two hundred fifty thousand dollars;

3 (b) for every offering in excess of two hundred fifty thousand
4 dollars, four-tenths of one percent of the total amount of the offering
5 but not in excess of sixty thousand dollars, of which one-half of said
6 amount shall be a nonrefundable deposit paid at the time of submitting
7 the preservation plan to the department of law for review and the
8 balance payable upon the attorney general's issuance of a letter of
9 acceptance of the preservation plan for filing;

10 (c) two hundred twenty-five dollars for each price change amendment to
11 a preservation plan;

12 (d) seven hundred fifty dollars for any other amendment to a preserva-
13 tion plan; and

14 (e) seven hundred fifty dollars for each such application, and an
15 additional seven hundred fifty dollars for each and every amendment
16 submitted in furtherance of such an application to permit an offeror to
17 solicit public interest prior to the filing of a preservation plan to
18 the department of law.

19 § 2. Section 339-e of the real property law is amended by adding six
20 new subdivisions 1-a, 6-a, 8-a, 10-a, 11-a and 13-a to read as follows:

21 1-a. "Capital replacement" means a building-wide replacement of a
22 major component of any of the following systems:

23 (a) elevator;

24 (b) heating, ventilation and air conditioning;

25 (c) plumbing;

26 (d) wiring;

27 (e) window; or

28 (f) a major structural replacement to the building; provided, however,
29 that replacements made to cure code violations of record shall not be
30 included.

31 6-a. "Consummation of the preservation plan" means, in the context of
32 a preservation plan for the conversion of residential rental property to
33 condominium ownership that has been accepted for filing by the depart-
34 ment of law pursuant to section three hundred fifty-two-eeee of the
35 general business law and subsequently amended to disclose that said
36 preservation plan has been declared effective, (i) the recording of the
37 declaration for the condominium and (ii) the closing of title to a
38 dwelling unit with a purchaser under the preservation plan.

39 8-a. "Offeror," as used in section three hundred thirty-nine-mm of
40 this article, means the offeror of a preservation plan to convert resi-
41 dential rental property to condominium ownership pursuant to section
42 three hundred fifty-two-eeee of the general business law, together with
43 his, her or its nominees, assignees and successors in interest.

44 10-a. "Preservation plan," as used in section three hundred thirty-
45 nine-mm of this article, means an offering statement or prospectus
46 submitted to the department of law pursuant to section three hundred
47 fifty-two-eeee of the general business law for the conversion of a
48 building or group of buildings or development from rental status to
49 condominium ownership, wherein the offeror documents that it has agreed
50 to an extended affordability term for the income-restricted rental units
51 with a relevant housing finance agency.

52 11-a. "Purchaser under the preservation plan," when used in section
53 three hundred thirty-nine-mm of this article, a purchaser under the
54 preservation plan shall refer to a person who purchases a dwelling unit
55 from the offeror pursuant to the terms of a preservation plan that has
56 been accepted for filing by the attorney general. A person or entity

1 that acquires dwelling units and assumes certain obligations of the
2 offeror shall not be considered a purchaser under the preservation plan.

3 13-a. "Total price," when used in section three hundred thirty-nine-mm
4 of this article, means the sum of the cost of all units in the offering
5 (including any income-restricted ownership units offered for sale to
6 qualified low income purchasers, but excluding any income-restricted
7 rental units whether such income-restricted rental units are retained
8 and operated by the offeror or sold to another entity that shall own and
9 operate the income-restricted rental units to persons of low income) at
10 the last price which was offered to tenants in occupancy prior to the
11 effective date of the preservation plan regardless of number of sales
12 made.

13 § 3. The real property law is amended by adding a new section 339-mm
14 to read as follows:

15 § 339-mm. Establishment of reserve fund for buildings converting to
16 condominium ownership under section three hundred fifty-two-eeeeee of the
17 general business law. 1. Within thirty days after the consummation of a
18 preservation plan, the offeror thereof (and/or its designee or designees
19 and/or successor or successors) shall establish and transfer to the
20 condominium board of managers a reserve fund to be used exclusively for
21 making capital repairs, replacements and improvements necessary for the
22 health and safety of the residents of such building. Such reserve fund
23 shall be exclusive of any other funds required to be reserved under the
24 preservation plan or applicable law or regulation of the attorney gener-
25 al, except a fund for capital repairs, replacements and improvements
26 substantially similar in purpose to and in an amount not less than the
27 reserve fund mandated by this section. Such reserve fund shall also be
28 exclusive of any working capital fund and shall not be subject to
29 reduction for closing apportionments.

30 2. Such fund shall be established in an amount equal to either (a)
31 three per cent of the total price or, (b) (i) three per cent of the
32 actual sales price of all condominium units sold by the offeror at the
33 time the preservation plan is declared effective, provided, however,
34 that if such amount is less than one per cent of the total price, then
35 the fund shall be established as a minimum of one per cent of the total
36 price; plus (ii) supplemental contributions to be made by the offeror at
37 a rate of three per cent of the actual sales price of condominium units
38 for each unit held by the offeror and sold to bona fide purchasers
39 subsequent to the effective date of the preservation plan and within
40 five years of the consummation of the preservation plan, notwithstanding
41 that the total amount contributed may exceed three per cent of the total
42 price; and provided, further, that if five years from thirty days after
43 the consummation of the preservation plan the total contributions by the
44 offeror to the fund are less than three per cent of the total price the
45 offeror shall pay the difference between the amount contributed and
46 three per cent of the total price. Supplemental contributions shall be
47 made within thirty days of each sale.

48 3. The contributions required pursuant to this section may be made
49 earlier or in an amount greater than so provided. An offeror may claim
50 and receive credit against the mandatory initial contribution to the
51 reserve fund for the actual cost of capital replacements which he or she
52 has begun after the preservation plan is submitted for filing to the
53 department of law and before the preservation plan is declared effec-
54 tive; provided, however, that any such replacements shall be set forth
55 in the preservation plan together with their actual or estimated costs
56 and further provided, that such credit shall not exceed the lesser of

1 the actual cost of the capital replacements or one per cent of the total
2 price.

3 4. Any building, construction of which was completed within three
4 years prior to the consummation of the preservation plan, shall be
5 exempt from the requirements of this section.

6 5. The condominium board of managers shall report to unit owners on a
7 semi-annual basis with respect to all deposits into and withdrawals from
8 the reserve fund mandated by subdivision two of this section.

9 6. The offeror, not later than the thirtieth day following the accept-
10 ance of a preservation plan for filing by the department of law pursuant
11 to section three hundred fifty-two-eeeeee of the general business law and
12 until the consummation of the preservation plan, shall post and maintain
13 in a prominent place, accessible to all tenants in each building covered
14 by the plan, a listing of all violations of record against such build-
15 ings as determined by the department of buildings of the city of New
16 York and the department of housing preservation and development of the
17 city of New York. All newly issued violations shall be posted within
18 forty-eight hours of their issuance and maintained as described in this
19 subdivision. The offeror may satisfy the requirements of this section by
20 designating an agent on the premises with whom such listing shall be
21 made available for inspection by the tenants.

22 7. Any provision purporting to waive the provisions of this section in
23 any contract to purchase or agreement between an offeror and a unit
24 purchaser or an offeror and the condominium board of managers created
25 under a preservation plan shall be void as against public policy.

26 8. (a) Except as otherwise provided in paragraph (b) of this subdivi-
27 sion, any person who knowingly violates or assists in the violation of
28 any provision of this section shall be subject to a civil penalty of one
29 hundred dollars per day per unit for each day that a building is not in
30 compliance with the provisions of such section; provided, however, that
31 such civil penalty shall not exceed one thousand dollars per unit.

32 (b) Any person who violates or assists in the violation of subdivision
33 two of this section shall also be subject to a civil penalty of one
34 thousand dollars per day for each day that the reserve fund required by
35 subdivision two of this section is not established; provided, however,
36 that such civil penalty shall not exceed the amount required to be
37 reserved pursuant to subdivision two of this section.

38 (c) Any other action or proceeding in any court of competent jurisdic-
39 tion that may be appropriate or necessary for the enforcement of the
40 provisions of this section may be brought in the name of the people of
41 the state of New York by the attorney general, including actions to
42 secure permanent injunctions enjoining any acts or practices which
43 constitute a violation of any provision of this section, mandating
44 compliance with the provisions of this section or for such other relief
45 as may be appropriate. In any such action or proceeding, the attorney
46 general may apply to any court of competent jurisdiction, or to a judge
47 or justice thereof, for a temporary restraining order or preliminary
48 injunction enjoining and restraining all persons from violating any
49 provision of this section, mandating compliance with the provisions of
50 this section, or for such other relief as may be appropriate, until the
51 hearing and determination of such action or proceeding and the entry of
52 final judgment or order therein. The court, or judge or justice thereof,
53 to whom such application is made, is hereby authorized to make any or
54 all of the orders specified in this paragraph, as may be required in
55 such application, with or without notice, and to make such other or
56 further orders or directions as may be necessary to render the same

1 effectual. No undertaking shall be required as a condition of the grant-
2 ing or issuing of such order, or by reason thereof.

3 (d) Nothing contained in this section shall impair any rights, reme-
4 dies or causes of action accrued or accruing to purchasers of condomin-
5 ium units with regard to the funding of a reserve fund under this
6 section.

7 (e) The attorney general is empowered to enforce the provisions of
8 this section.

9 § 4. Subdivision 2, subparagraph (i) of paragraph (a) of subdivision
10 2-a, and paragraphs (a) and (c) of subdivision 7 of section 352-e of the
11 general business law, subdivision 2 as amended by chapter 1042 of the
12 laws of 1981, subparagraph (i) of paragraph (a) of subdivision 2-a as
13 added by chapter 771 of the laws of 1983, paragraph (a) of subdivision 7
14 as amended by section 1 of part BBB-1 of chapter 57 of the laws of 2008,
15 and paragraph (c) of subdivision 7 as amended by chapter 637 of the laws
16 of 1989, are amended as follows:

17 2. Unless otherwise provided by regulation issued by the attorney
18 general, the offering statement or statements or prospectus required in
19 subdivision one of this section shall be filed with the department of
20 law at its office in the city of New York, prior to the public offering
21 of the security involved. No offer, advertisement or sale of such secu-
22 rities shall be made in or from the state of New York until the attorney
23 general has issued to the issuer or other offerer a letter stating that
24 the offering has been filed. The attorney general, not later than thirty
25 days after the submission of such filing, shall issue such a letter or,
26 in the alternative, a notification in writing indicating deficiencies in
27 the offering statement, statements or prospectus; provided, however,
28 that in the case of a building or group of buildings to be converted to
29 cooperative or condominium ownership which is occupied in whole or in
30 part for residential purposes and which is not the subject of a preser-
31 vation plan submitted pursuant to section three hundred fifty-two-eeee
32 of this article, such letter or notification shall be issued in not
33 sooner than four months and not later than six months from the date of
34 submission of such filing. The attorney general may also refuse to issue
35 a letter stating that the offering statement or statements or prospectus
36 has been filed whenever it appears that the offering statement or state-
37 ments or prospectus does not clearly set forth the specific property or
38 properties to be purchased, leased, mortgaged, or otherwise to be
39 acquired, financed or the subject of specific investment with a substan-
40 tial portion of the offering proceeds.

41 (i) "Plan". Every offering statement or prospectus submitted to the
42 department of law for the conversion of a building or group of buildings
43 or development from residential rental status to cooperative or condo-
44 minium ownership, other than a plan governed by the provisions of either
45 section three hundred fifty-two-eee [~~or~~], three hundred fifty-two-eeee
46 or section three hundred fifty-two-eeee of this [~~chapter~~] article, or a
47 plan for such conversion pursuant to article two, eight or eleven of the
48 private housing finance law.

49 (a) The department of law shall collect the following fees for the
50 filing of each offering statement or prospectus as described in subdivi-
51 sion one of this section: seven hundred fifty dollars for every offering
52 not in excess of two hundred fifty thousand dollars; for every offering
53 in excess of two hundred fifty thousand dollars, four-tenths of one
54 percent of the total amount of the offering but not in excess of [~~thir-~~
55 ~~ty~~] sixty thousand dollars of which one-half of said amount shall be a
56 nonrefundable deposit paid at the time of submitting the offering state-

ment to the department of law for review and the balance payable upon the issuance of a letter of acceptance for filing said offering statement. The department of law shall, in addition, collect a fee of two hundred twenty-five dollars for each price change amendment to an offering statement and seven hundred fifty dollars for any other amendment to an offering statement. For each application granted by the department of law, which permits the applicant to solicit public interest or public funds preliminary to the filing of an offering statement or for the issuance of a "no-filing required" letter and any amendment thereto, the department of law shall collect a fee of [~~two~~] seven hundred [~~twenty-five~~] fifty dollars. [~~In the event the sponsor thereafter files an offering statement, the fee paid for the preliminary application shall be credited against the balance of the fee due and payable on filing.~~] For each application granted pursuant to section three hundred fifty-two-g of this article, the department of law shall collect a fee of two-tenths of one percent of the amount of the offering of securities; however, the minimum fee shall be seven hundred fifty dollars, and the maximum fee shall be [~~thirty~~] sixty thousand dollars. All revenue from that portion of any fee imposed pursuant to this paragraph, which exceeds twenty thousand dollars for offering statements, and five hundred twenty-five dollars for all other filings, shall be paid by the department of law to the state comptroller to be deposited in and credited to the real estate finance bureau fund, established pursuant to section eighty of the state finance law.

(c) Notwithstanding the provisions of paragraph (a) of this subdivision, the department of law shall not collect any fees for the filing of an offering statement or prospectus or any amended filings thereto as described in subdivision one of this section whenever: (i) a conversion of a mobile home park, building or group of buildings or development from residential rental status to cooperative or condominium ownership is being made pursuant to article eleven, eighteen, nineteen or twenty of the private housing finance law; or (ii) the offering statement or prospectus or amendment thereto is submitted to the department of law pursuant to section three hundred fifty-two-eeee of this article. For submissions made pursuant to section three hundred fifty-two-eeee of this article, the department of law shall instead collect the fees set forth in subdivision thirty-one of such section. All revenue from that portion of any fee imposed pursuant to subdivision thirty-one of section three hundred fifty-two-eeee of this article shall be paid by the department of law to the state comptroller to be deposited in and credited to the housing unit protection fund, established pursuant to section eighty-b of the state finance law.

§ 5. Paragraph (a) of subdivision 1 of section 352-eeee of the general business law, as amended by section 1 of part N of chapter 36 of the laws of 2019, is amended to read as follows:

(a) "Plan". Every offering statement or prospectus submitted to the department of law pursuant to section three hundred fifty-two-e of this article for the conversion of a building or group of buildings or development from residential rental status to cooperative or condominium ownership or other form of cooperative interest in realty, other than an offering statement or prospectus for such conversion pursuant to section three hundred fifty-two-eeee of this article or article two, eight or eleven of the private housing finance law.

§ 6. The state finance law is amended by adding a new section 80-b to read as follows:

1 § 80-b. Housing protection unit fund. 1. There is hereby established
2 in the custody of the state comptroller a special fund to be known as
3 the "housing protection unit fund".

4 2. The housing protection unit fund shall consist of moneys appropri-
5 ated thereto, funds transferred from any other fund or sources, and
6 moneys deposited therein pursuant to the fees imposed by section three
7 hundred fifty-two-eeeeee of the general business law.

8 3. The moneys in the housing protection unit fund shall be kept sepa-
9 rate from and shall not be commingled with any other moneys in the
10 custody of the state comptroller. All moneys in the housing protection
11 unit fund shall be distributed each state fiscal year and such moneys
12 shall be allocated to and expended by the department of law solely for
13 the operation and administration of its housing protection unit.

14 § 7. This act shall take effect on the one hundred eightieth day after
15 it shall have become a law.