

# STATE OF NEW YORK

6593--A

2021-2022 Regular Sessions

## IN ASSEMBLY

March 19, 2021

Introduced by M. of A. REYES, MITAYNES, MAMDANI, JACKSON, BARRON, PICHARDO, EPSTEIN, KELLES, BARNWELL, HEVESI, L. ROSENTHAL, MEEKS, DE LA ROSA, OTIS, GONZALEZ-ROJAS, CLARK, CARROLL, FORREST -- read once and referred to the Committee on Housing -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the private housing finance law and the state finance law, in relation to enacting the "housing our neighbors with dignity act"

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

Section 1. Short title. This act shall be known and may be cited as the "housing our neighbors with dignity act".

§ 2. The private housing finance law is amended by adding a new article 31 to read as follows:

### ARTICLE XXXI

#### HOUSING OUR NEIGHBORS WITH DIGNITY PROGRAM

##### Section 1280. Legislative findings and purpose.

##### 1281. Definitions.

##### 1282. Housing our neighbors with dignity program.

§ 1280. Legislative findings and purpose. The state of New York, through the division of housing and community renewal, is empowered to purchase, acquire, hold and/or convert or finance the purchase, acquisition, holding and/or conversion of distressed hotels and commercial office properties for use as affordable permanent housing that meets standards established to ensure safety, habitability, quality, and access to supportive services as appropriate, to be made available to low-income households and people experiencing homelessness immediately prior to entering such housing. These properties shall be owned, operated and managed by appropriate nonprofit organizations, either through transfer of ownership or long-term net lease by the New York govern-

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

LBD09863-07-1

1 mental entity that acquired the property, or through the use of govern-  
2 ment agency funding to acquire the property.

3 The acquired properties shall be converted into permanently affordable  
4 housing modeled as financially and operationally deemed necessary by the  
5 state or appropriate nonprofit organization for the purposes of creating  
6 supportive and/or permanently affordable housing units; provided that  
7 the housing shall remain affordable as defined by the term affordable  
8 housing included in this article.

9 § 1281. Definitions. For the purposes of this article, the following  
10 terms shall have the following meanings:

11 1. "Appropriate nonprofit organization" shall mean a bona fide nonpro-  
12 fit organization that:

13 (a) Has one of such organization's primary purposes:

14 (i) The provision of housing that is affordable to low-income fami-  
15 lies; or

16 (ii) The provision of services or housing for individuals or families  
17 experiencing homelessness; or

18 (b) Is otherwise considered by the state as a suitable housing manage-  
19 ment organization, by a vetting process developed by the division of  
20 housing and community renewal.

21 2. "Affordable housing" shall mean housing that is affordable to low  
22 and moderate-income households, such that the new housing achieves  
23 income averaging at or below fifty percent of the area median income,  
24 with residents' eligibility capped at a maximum of eighty percent of the  
25 area median income at the start of their lease. Applicants shall not be  
26 rejected from eligibility based on credit histories or credit scores.

27 3. "Distressed" shall mean an asset that is financially distressed or  
28 for sale, as determined by the commissioner of the division of housing  
29 and community renewal.

30 4. "Experiencing homelessness" shall refer to those individuals resid-  
31 ing in shelters, transitional housing, public spaces, and other types of  
32 emergency housing.

33 5. "Rent stabilized" shall mean collectively, the rent stabilization  
34 law of nineteen hundred sixty-nine, the rent stabilization code, and the  
35 emergency tenant protection act of nineteen seventy-four, all as in  
36 effect as of the effective date of the chapter of the laws of two thou-  
37 sand twenty-one that added this subdivision or as amended thereafter,  
38 together with any successor statutes or regulations addressing substan-  
39 tially the same subject matter.

40 § 1282. Housing our neighbors with dignity program. 1. Establishment.  
41 The commissioner, in conjunction with the division of housing and commu-  
42 nity renewal, shall develop a housing our neighbors with dignity program  
43 (hereinafter referred to as "the program"), which shall provide a mech-  
44 anism for the state to purchase, acquire and hold distressed hotels  
45 and/or commercial office properties or finance appropriate nonprofit  
46 organizations to acquire such properties for the purpose of maintaining  
47 or increasing affordable housing. Such program shall actively acquire  
48 such properties following the effective date of this article; provided,  
49 however, that all affordable housing properties produced through this  
50 program shall remain permanently affordable, pursuant to this article.  
51 Permanent affordability restrictions require at least one of the follow-  
52 ing: (a) a ninety-nine-year renewable land lease between the division of  
53 housing and community renewal or other government agency and the nonpro-  
54 fit manager with a regulatory agreement in place, where such lease  
55 includes automatic reverter language for regulatory agreement  
56 violations, including but not limited to failure to meet the minimum

1 obligations set forth in this article; (b) other affordability  
2 restrictions in land leases or other recorded documents not specifically  
3 listed in this subdivision, so long as the division of housing and  
4 community renewal or other government agency determines that such  
5 restrictions are enforceable and likely to be enforced, including but  
6 not limited to a regulatory agreement with a local housing agency; or  
7 (c) a community land trust lease, which is a ninety-nine-year renewable  
8 land lease with affordability and owner-occupancy restrictions.

9 2. Purpose. The purpose of the housing our neighbors with dignity  
10 program shall be to:

11 (a) Acquire or finance appropriate nonprofit organizations to acquire  
12 distressed hotels and/or commercial office properties for the purpose of  
13 stabilizing communities and the housing market;

14 (b) Convert and rehabilitate or finance appropriate nonprofit organ-  
15 izations to convert and rehabilitate the physical condition of acquired  
16 property in order to enhance the condition of such property for future  
17 occupants;

18 (c) Transfer acquired property to appropriate nonprofit organizations  
19 that will operate and manage such property to guarantee affordable,  
20 habitable and environmentally sustainable housing to formerly homeless  
21 asset-limited, or low and moderate-income individuals and families;

22 (d) Finance the transfer of acquired property to such organizations;  
23 and

24 (e) Provide an appropriate and expedient manner for owners of such  
25 distressed properties to transfer ownership to the division of housing  
26 and community renewal, any other government agency, or to an appropriate  
27 nonprofit organization.

28 3. Powers. The state may purchase, acquire, and hold or finance appro-  
29 priate nonprofit organizations to purchase, acquire and hold distressed  
30 hotel and/or commercial office properties in any part of the state, and  
31 may take such actions as may be necessary to identify and acquire such  
32 distressed properties, for the purpose of maintaining or increasing the  
33 stock of affordable, stable, quality housing, and such action shall be  
34 defined as an acquisition for purposes of this subdivision; provided  
35 that in the case of a property at which any hotel workers are repres-  
36 ented by a collective bargaining representative, prior to the proposed  
37 acquisition, the collective bargaining representative shall be notified  
38 in writing of the proposed acquisition, and the property owner shall  
39 certify prior to the state initiating such acquisition that the collec-  
40 tive bargaining representative has mutually agreed in a separate writing  
41 with the property owner to take the specific acquisition described in  
42 the written notice.

43 4. Converted properties. All properties converted to affordable hous-  
44 ing pursuant to this section shall meet the minimum standards of habita-  
45 bility, safety and quality of life for all established housing. Tenants  
46 shall pay no more than thirty percent of their income toward rent. Addi-  
47 tional operating expenses shall be met through any combination of subsi-  
48 dies, vouchers, commercial rents, or other sources of income available  
49 to the housing provider under the model the non-profit chooses to  
50 pursue. All units shall be rent stabilized as defined in this article in  
51 localities that have adopted or opted in to the rent stabilization law.  
52 At least fifty percent of all converted properties shall be set aside  
53 for individuals and families who were experiencing homelessness imme-  
54 diately prior to entering such converted affordable housing. Each unit  
55 must contain, at a minimum, a living/sleeping space, private bathroom  
56 with bath and/or shower, and either a full kitchen or a kitchenette with

1 at least a 24-inch refrigerator, sink, cooktop, microwave oven and  
2 outlets for countertop appliances.

3 5. Restrictions. The state shall not, in any case, sell or transfer  
4 property unless the state has:

5 (a) Taken all actions necessary to bring the property into compliance  
6 with applicable building, safety, health and habitability codes and  
7 requirements; or

8 (b) Entered into such agreements with the purchaser or transferee to  
9 ensure that any actions necessary to bring the property into compliance  
10 with applicable building, safety, health and habitability codes and  
11 requirements will be taken before such property is occupied.

12 6. Tenant protections. Tenants residing in properties converted to  
13 affordable housing pursuant to this section shall have full tenancy  
14 rights, including all the tenant protections pursuant to rent stabiliza-  
15 tion as defined in this article. Tenancy in such affordable housing  
16 shall not be restricted on the basis of sexual identity or orientation,  
17 gender identity or expression, conviction or arrest record, credit  
18 history, or immigration status.

19 § 3. Section 301 of the multiple dwelling law is amended by adding a  
20 new subdivision 7 to read as follows:

21 7. a. Any certificate by the department authorizing occupancy of a  
22 dwelling as a class B hotel shall also authorize occupancy of units in  
23 such dwelling for permanent residence purposes notwithstanding any  
24 provision of this chapter or of any state law, local law, ordinance,  
25 resolution or regulation that would otherwise prohibit such occupancy,  
26 require a change or alteration to the dwelling, or require a new or  
27 amended certificate, provided that: (i) such occupancy for permanent  
28 residence purposes shall be subject to the approval of the local housing  
29 agency in its discretion; (ii) a portion of such dwelling shall be  
30 located within four hundred feet of a district that under the local  
31 zoning regulations or ordinances permits residential uses and such  
32 dwelling shall not be located in an industrial business zone established  
33 pursuant to chapter six-D of title twenty-two of the administrative code  
34 of the city of New York; and (iii) such dwelling shall meet the condi-  
35 tions in paragraph b of this subdivision. Alterations to the configura-  
36 tion of any such units shall be permitted and shall comply with any  
37 applicable requirements of any state law, local law, ordinance, resol-  
38 ution or regulation relating to class B hotels. If occupancy for perma-  
39 nent residence purposes is authorized under the provisions of this  
40 subdivision within a district where the local zoning regulations or  
41 ordinances would not otherwise permit such use, the residential tenants  
42 shall be notified of the district's zoning.

43 b. Occupancy of units in a dwelling shall not be authorized under the  
44 provisions of paragraph a of this subdivision unless such units are  
45 purchased, acquired, or financed: (i) by the state pursuant to and in  
46 compliance with the provisions of article thirty-one of the private  
47 housing finance law; or (ii) by a local housing agency, for the purpose  
48 of creating supportive and/or affordable housing to be operated by an  
49 appropriate nonprofit organization pursuant to a regulatory agreement or  
50 contract with such local agency for low-income households or people  
51 experiencing homelessness immediately prior to entering such housing,  
52 where tenants shall pay no more than thirty percent of their income  
53 toward rent and all units are rent stabilized and subject to permanent  
54 affordability restrictions. For purposes of this paragraph, "appropriate  
55 nonprofit organization," "affordable housing," "experiencing homeless-  
56 ness," "rent stabilized," and "permanent affordability restrictions"

1 shall have the same meaning as defined in article thirty-one of the  
2 private housing finance law.

3 § 4. The state finance law is amended by adding a new section 99-nn to  
4 read as follows:

5 § 99-nn. Social housing conversion fund. 1. There is hereby estab-  
6 lished in the joint custody of the commissioner of housing and community  
7 renewal and the comptroller, a special fund to be known as the "social  
8 housing conversion fund".

9 2. The social housing conversion fund shall consist of monetary  
10 grants, gifts, bequests or loan authority received by the state for the  
11 purposes of the fund, and all other moneys credited or transferred ther-  
12 eto from any other fund or source. Moneys of such fund shall be expended  
13 only to carry out the provisions of the housing our neighbors with  
14 dignity program pursuant to article thirty-one of the private housing  
15 finance law. Nothing in this section shall prevent the state from solici-  
16 ting and receiving grants, gifts or bequests for the purposes of such  
17 fund and depositing them into the fund according to law.

18 3. Moneys in such fund shall be kept separate from and shall not be  
19 commingled with any other moneys in the custody of the comptroller or  
20 the commissioner of taxation and finance. Any moneys of the fund not  
21 required for immediate use may, at the discretion of the comptroller, in  
22 consultation with the director of the budget, be invested by the comp-  
23 troller in obligations of the United States or the state, or in obli-  
24 gations the principal and interest on which are guaranteed by the United  
25 States or by the state. Any income earned by the investment of such  
26 moneys shall be added to and become a part of and shall be used for the  
27 purposes of such fund.

28 § 5. Non-severability clause. If any clause, sentence, subdivision,  
29 paragraph, section or part of this act shall be adjudged by any court of  
30 competent jurisdiction to be invalid, and such decision is not reversed  
31 or is otherwise deemed to be final, such judgment shall have the effect  
32 of rendering this act invalid, inoperative and void.

33 § 6. This act shall take effect on the sixtieth day after it shall  
34 have become a law. Effective immediately, the addition, amendment  
35 and/or repeal of any rule or regulation necessary for the implementation  
36 of this act on its effective date are authorized to be made and  
37 completed on or before such effective date.