STATE OF NEW YORK

5257

2021-2022 Regular Sessions

IN SENATE

March 1, 2021

Introduced by Sen. GIANARIS -- 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 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 and convert distressed hotels and commercial properties, in cities with a population of one million or more, 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 will be managed by appropriate nonprofit organizations, either through transfer of ownership or long-term net lease by the New York governmental entity that acquired the property.

The acquired properties may be converted into housing models as deemed necessary by the state or appropriate nonprofit authority for the purposes of creating supportive and/or affordable housing units;

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

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provided that the housing remains affordable as defined by the term affordable housing included in this article.

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

1. "Appropriate nonprofit organization" shall mean a nonprofit organization that:

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

(i) The provision of housing that is affordable to low-income families; or

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

(b) Is otherwise considered by the state as a suitable housing management organization.

2. "Affordable housing" shall mean housing that is affordable to a low-income household with income at or below fifty percent of the area median income for the county in which the property is located as calculated by the United States department of housing and urban development.

3. "Distressed" shall mean an asset that is:

(a) Listed for sale; and

(b) In a financially distressing condition, as determined by the state.

4. "Experiencing homelessness" shall refer to those individuals residing in shelters, transitional housing, and other types of emergency housing.

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

§ 1282. Housing our neighbors with dignity program. 1. Establishment. The commissioner, in conjunction with the division of housing and community renewal, shall develop a housing our neighbors with dignity program (hereinafter referred to as "the program"), which shall provide a mechanism for the state to purchase, acquire and hold distressed commercial real estate and other commercial properties for the purpose of maintaining or increasing affordable housing in cities with a population of one million or more. Such program shall actively acquire such properties for two years following the effective date of this article; provided, however, that all affordable housing properties produced through this program shall remain permanently affordable, pursuant to this article.

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

(a) Acquire distressed commercial real estate property for the purpose of stabilizing communities and the housing market;

(b) Convert and rehabilitate the physical condition of acquired property in order to enhance the value and condition of such property for future occupants, for the environmental sustainability of such property, and for the economic and social conditions of the surrounding community;

(c) Sell or otherwise transfer acquired property to entities that will use such property to guarantee affordable, habitable and environmentally sustainable housing to asset-limited, low-income individuals and families;

(d) Finance the transfer of acquired property to such entities; and

(e) Provide an appropriate and expedient manner for owners of distressed properties to transfer ownership or long-term net lease.

3. Powers. (a) The state may purchase, acquire, and hold distressed hotel real estate assets, and may take such actions as may be necessary to identify such distressed real estate and other commercial properties, and acquire such properties, for the purpose of maintaining or increasing the stock of affordable, stable, quality housing in cities with a population of one million or more.

(b) Hotel real estate assets shall only include hotels with fewer than one hundred fifty units, and those that are located in any borough outside of Manhattan, or within Manhattan excluding the following area in the borough of Manhattan: beginning at the intersection of the United States pierhead line in the Hudson river and the center line of Chambers street, extended, thence easterly to the center line of Chambers street and continuing along the center line of Chambers street to the center line of Centre street, thence southerly along the center line of Centre street to the center line of the Brooklyn Bridge to the intersection of the Brooklyn Bridge and the United States pierhead line in the East river, thence northerly along the United States pierhead line in the East river to the intersection of the United States pierhead line in the East river and the center line of One Hundred Tenth street extended, thence westerly to the center line of One Hundred Tenth street and continuing along the center line of One Hundred Tenth street to its westerly terminus, thence westerly to the intersection of the center line of One Hundred Tenth street extended and the United States pierhead line in the Hudson river, thence southerly along the United States pierhead line in the Hudson river to the point of beginning.

4. Converted properties. All properties converted to affordable housing pursuant to this section shall meet the minimum standards of habitability, safety and quality of life for all established housing. Tenants shall pay no more than thirty percent of their income toward rent. Additional operating expenses shall be met through any combination of subsidies, vouchers, commercial rents, or other sources of income available to the housing provider under the model the non-profit chooses to pursue. All units shall be rent stabilized as defined in this article. At least fifty percent of all converted properties shall be set aside for individuals and families who were experiencing homelessness immediately prior to entering such converted affordable housing.

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

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

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

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

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

§ 99-ii. Distressed property conversion fund. 1. There is hereby established in the joint custody of the commissioner of housing and community renewal and the comptroller, a special fund to be known as the "distressed property conversion fund".

2. The distressed property conversion fund shall consist of monetary grants, gifts or bequests received by the state for the purposes of the fund, and all other moneys credited or transferred thereto from any other fund or source. Moneys of such fund shall be expended only to carry out the provisions of the housing our neighbors with dignity program pursuant to article thirty-one of the private housing finance law. Nothing in this section shall prevent the state from soliciting and receiving grants, gifts or bequests for the purposes of such fund and depositing them into the fund according to law.

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

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