STATE OF NEW YORK

5257--B

2021-2022 Regular Sessions

IN SENATE

March 1, 2021

Introduced by Sens. GIANARIS, BRISPORT, KAVANAGH, MYRIE, RIVERA, SALAZAR -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development -- reported favorably from said committee and committed to the Committee on Finance -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the private housing finance law, the state finance law and the multiple dwelling 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, oper-

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

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ated and 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, or through the use of government agency funding to acquire the property.

The acquired properties shall be converted into permanently affordable housing modeled as financially and operationally deemed necessary by the state or appropriate nonprofit organization for the purposes of creating supportive and/or permanently affordable housing units; provided that the housing shall remain 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 bona fide 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, by a vetting process developed by the division of housing and community renewal.

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

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

4. "Experiencing homelessness" shall refer to those individuals residing in shelters, transitional housing, public spaces, 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 hotels and/or commercial office properties or finance appropriate nonprofit organizations to acquire such properties for the purpose of maintaining or increasing affordable housing. Such program shall actively acquire such properties 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. Permanent affordability restrictions require at least one of the following: (a) a ninety-nine-year renewable land lease between the division of housing and community renewal or other government agency and the nonprofit manager with a regulatory agreement in place, where such lease

includes automatic reverter language for regulatory agreement violations, including but not limited to failure to meet the minimum obligations set forth in this article; (b) other affordability restrictions in land leases or other recorded documents not specifically listed in this subdivision, so long as the division of housing and community renewal or other government agency determines that such restrictions are enforceable and likely to be enforced, including but not limited to a regulatory agreement with a local housing agency; or (c) a community land trust lease, which is a ninety-nine-year renewable land lease with affordability and owner-occupancy restrictions.

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

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

(b) Convert and rehabilitate or finance appropriate nonprofit organizations to convert and rehabilitate the physical condition of acquired property in order to enhance the condition of such property for future occupants;

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

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

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

3. Powers. The state may purchase, acquire, and hold or finance appropriate nonprofit organizations to purchase, acquire and hold distressed hotel and/or commercial office properties in any part of the state, and may take such actions as may be necessary to identify and acquire such distressed properties, for the purpose of maintaining or increasing the stock of affordable, stable, quality housing, and such action shall be defined as an acquisition for purposes of this subdivision; provided that in the case of a property at which any hotel workers are represented by a collective bargaining representative, prior to the proposed acquisition, the collective bargaining representative shall be notified in writing of the proposed acquisition, and the property owner shall certify prior to the state initiating such acquisition that the collective bargaining representative has mutually agreed in a separate writing with the property owner to take the specific acquisition described in the written notice.

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 in localities that have adopted or opted in to the rent stabilization law. 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. Each unit

must contain, at a minimum, a living/sleeping space, private bathroom with bath and/or shower, and either a full kitchen or a kitchenette with at least a 24-inch refrigerator, sink, cooktop, microwave oven and outlets for countertop appliances.

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

7. a. Any certificate by the department authorizing occupancy of a dwelling as a class B hotel shall also authorize occupancy of units in such dwelling for permanent residence purposes notwithstanding any provision of this chapter or of any state law, local law, ordinance, resolution or regulation that would otherwise prohibit such occupancy, require a change or alteration to the dwelling, or require a new or amended certificate, provided that: (i) such occupancy for permanent residence purposes shall be subject to the approval of the local housing agency in its discretion; (ii) a portion of such dwelling shall be located within four hundred feet of a district that under the local zoning regulations or ordinances permits residential uses and such dwelling shall not be located in an industrial business zone established pursuant to chapter six-D of title twenty-two of the administrative code of the city of New York; and (iii) such dwelling shall meet the conditions in paragraph b of this subdivision. Alterations to the configuration of any such units shall be permitted and shall comply with any applicable requirements of any state law, local law, ordinance, resolution or regulation relating to class B hotels. If occupancy for permanent residence purposes is authorized under the provisions of this subdivision within a district where the local zoning regulations or ordinances would not otherwise permit such use, the residential tenants shall be notified of the district's zoning.

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

nonprofit organization," "affordable housing," "experiencing homelessness," "rent stabilized," and "permanent affordability restrictions" shall have the same meaning as defined in article thirty-one of the private housing finance law.

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

§ 99-nn. Social housing 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 "social housing conversion fund".

2. The social housing conversion fund shall consist of monetary grants, gifts, bequests or loan authority 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.

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

§ 6. 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.