

# STATE OF NEW YORK

8783--B

## IN SENATE

April 18, 2022

Introduced by Sens. KAVANAGH, CLEARE, FELDER, GOUNARDES, SEPULVEDA -- read twice and ordered printed, and when printed to be committed to the Committee on Judiciary -- 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 multiple dwelling law and the private housing finance law, in relation to establishing a program to address the legalization of specified basements and cellars and the conversion of other specified basements and cellars in a city with a population of one million or more

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

1 Section 1. The multiple dwelling law is amended by adding a new article 7-D to read as follows:

### ARTICLE 7-D

#### LEGALIZATION AND CONVERSION OF BASEMENTS AND CELLARS

##### Section 288. Definitions.

289. Basement and cellar local laws and regulations.

290. Tenant protections in inhabited basements or cellars.

8 § 288. Definitions. As used in this article, unless the context or subject matter requires otherwise, the following terms shall have the following meanings:

11 1. The term "inhabited basement or cellar" means a basement or cellar unlawfully occupied as a residence by one or more tenants on or prior to the effective date of this article;

14 2. The term "rented" means leased, let, or hired out, with or without a written agreement; and

16 3. The term "tenant" means an individual to whom an inhabited basement or cellar is rented.

18 § 289. Basement and cellar local laws and regulations. 1. Notwithstanding any other provision of state or local law to the contrary, in a city with a population of one million or more, the local legislative body may, by local law, establish a program to address, as appropriate,

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

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1 and provided that safety is protected, (a) the legalization of specified  
2 inhabited basements and cellars in existence prior to the effective date  
3 of this article through conversion to legal dwelling units, or (b) the  
4 conversion of other specified basements and cellars in existence prior  
5 to the effective date of this article to legal dwelling units. The local  
6 law authorized by this section, and any rules or regulations promulgated  
7 thereunder, shall not be subject to environmental review.

8 2. The program established by such local law may provide to an owner  
9 who converts an inhabited basement or cellar in accordance with a local  
10 law authorized by this article or who otherwise abates the illegal occu-  
11 pancy of a basement or cellar amnesty from prosecution, as applicable,  
12 for violations of this chapter or other state law or local law, rules,  
13 and the zoning resolution of such city, and resolution of any outstand-  
14 ing judgments issued in connection with any violation of such laws,  
15 rules or zoning resolution issued before the effective date of this  
16 article.

17 3. Such local law may provide that any provision of this chapter or  
18 any other state law or local law, rule or regulation, shall not be  
19 applicable, as necessary, to provide for the alterations necessary for  
20 the conversion of a specified inhabited basement or cellar or other  
21 specified basement or cellar into a lawful dwelling unit. Any amendment  
22 of the zoning resolution necessary to enact such program shall be  
23 subject to a public hearing at the planning commission of such locality,  
24 and approval by such commission and the legislative body of such local  
25 government, but shall not require environmental review or any additional  
26 land use review.

27 § 290. Tenant protections in inhabited basements or cellars. 1. The  
28 program authorized by this article shall require an application to make  
29 alterations to legalize an inhabited basement or cellar be accompanied  
30 by a certification indicating whether such unit was rented to a tenant  
31 on the effective date of this article, notwithstanding whether the occu-  
32 pancy of such unit was authorized by law. A city may not use such  
33 certification as the basis for an enforcement action for illegal occu-  
34 pancy of such unit, provided that nothing contained in this article  
35 shall be construed to limit such city from issuing a vacate order for  
36 hazardous conditions, when appropriate.

37 2. The local law authorized by this article shall provide that a  
38 tenant in occupancy at the time of the effective date of this article,  
39 who is evicted or otherwise removed from such unit as a result of an  
40 alteration necessary to bring an inhabited basement or cellar into  
41 compliance with the standards established by the local law authorized by  
42 this article, shall have a right of first refusal to return to such unit  
43 as a tenant upon its first lawful occupancy as a legal dwelling unit,  
44 notwithstanding whether the occupancy at the time of the effective date  
45 of this article was authorized by law. Such local law shall specify how  
46 to determine priority when multiple tenants may claim such right.

47 3. A tenant unlawfully denied a right of first refusal to return to a  
48 legal dwelling unit, as provided pursuant to the local law authorized by  
49 this article, shall have a cause of action in any court of competent  
50 jurisdiction for compensatory damages or declaratory and injunctive  
51 relief as the court deems necessary in the interests of justice,  
52 provided that such compensatory relief shall not exceed the annual  
53 rental charges for such legal dwelling unit.

54 § 2. Subdivision 1 of section 472 of the private housing finance law,  
55 as amended by chapter 479 of the laws of 2005, is amended to read as  
56 follows:

1 1. Notwithstanding the provisions of any general, special or local  
2 law, a municipality, acting through an agency, is authorized: (a) to  
3 make, or contract to make, loans to low and moderate income owner-occu-  
4 pants of one to four unit existing private or multiple dwellings within  
5 its territorial limits, subject to the limitation of subdivisions two  
6 through seven of this section, in such amounts as shall be required for  
7 the rehabilitation of such dwellings, provided, however, that such loans  
8 shall not exceed sixty thousand dollars per dwelling unit, except that  
9 the limitation on the maximum amount of a loan, as described in this  
10 paragraph, shall not apply to any such loan for, in whole or in part,  
11 rehabilitation of a specified inhabited basement or cellar or other  
12 specified basement or cellar for which such owner has sought a permit  
13 pursuant to the local law authorized pursuant to section two hundred  
14 eighty-nine of the multiple dwelling law. Such loans may also include  
15 the refinancing of the outstanding indebtedness of such dwellings, and  
16 the municipality may make temporary loans or advances to such owner-oc-  
17 cupants in anticipation of permanent loans for such purposes; and

18 (b) to make or contract to make grants to any owner described in para-  
19 graph (a) of this subdivision, on the same terms as permitted under such  
20 paragraph for a loan.

21 § 3. Section 472 of the private housing finance law is amended by  
22 adding a new subdivision 1-a to read as follows:

23 1-a. As used in this article, the term "loan" shall include any grant  
24 made by a municipality pursuant to this article, provided, however, that  
25 provisions of this article concerning the repayment or forgiveness of,  
26 or security for, a loan shall not apply to any grant made pursuant to  
27 this article.

28 § 4. Subdivision 2 of section 473 of the private housing finance law,  
29 as added by chapter 786 of the laws of 1987, is amended to read as  
30 follows:

31 2. A municipality shall neither make nor participate in a loan to an  
32 owner-occupant of an existing private or multiple dwelling pursuant to  
33 this article unless the agency finds that the area in which such dwell-  
34 ing is situated is a blighted, deteriorated or deteriorating area or has  
35 a blighting influence on the surrounding area, or is in danger of becom-  
36 ing a slum or a blighted area because of the existence of substandard,  
37 unsanitary, deteriorating or deteriorated conditions, an aged housing  
38 stock, or other factors indicating an inability of the private sector to  
39 cause such rehabilitation to be made, except that any such finding shall  
40 not be required for any such loan for, in whole or in part, rehabili-  
41 tation of a specified inhabited basement or cellar or other specified  
42 basement or cellar for which such owner has sought a permit pursuant to  
43 the local law authorized pursuant to section two hundred eighty-nine of  
44 the multiple dwelling law.

45 § 5. This act shall take effect immediately.