

# STATE OF NEW YORK

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6216--A

2023-2024 Regular Sessions

## IN ASSEMBLY

April 3, 2023

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Introduced by M. of A. L. ROSENTHAL -- 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 administrative code of the city of New York and the emergency tenant protection act of nineteen seventy-four, in relation to establishing the legal regulated rent for the combination of two or more vacant apartments; to amend the public housing law, in relation to defining permanently vacated; to amend the emergency tenant protection act of nineteen seventy-four, in relation to exemptions from rent stabilization on the basis of substantial rehabilitation; and to repeal paragraph 9 of subdivision a of section 26-405 of the administrative code of the city of New York, in relation to public hearings by the city rent agency (Part A); to amend the administrative code of the city of New York, chapter 576 of the laws of 1974, constituting the emergency tenant protection act of nineteen seventy-four, and chapter 274 of the laws of 1946, constituting the emergency housing rent control law, in relation to major capital improvements (Part B); to amend the multiple dwelling law, in relation to rent impairing violations; and to amend the real property actions and proceedings law, in relation to eviction proceedings (Part C); and to apply the Housing Stability and Tenant Protection Act of 2019 to rent calculations and rent records maintenance and destruction (Part D)

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

1 Section 1. This act enacts into law components of legislation relating  
2 to rent regulation and tenant protection. Each component is wholly  
3 contained within a Part identified as Parts A through D. The effective  
4 date for each particular provision contained within such Part is set  
5 forth in the last section of such Part. Any provision in any section  
6 contained within a Part, including the effective date of the Part, which

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

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1 makes reference to a section "of this act", when used in connection with  
2 that particular component, shall be deemed to mean and refer to the  
3 corresponding section of the Part in which it is found. Section three of  
4 this act sets forth the general effective date of this act.

5 PART A

6 Section 1. Paragraph 9 of subdivision a of section 26-405 of the  
7 administrative code of the city of New York is REPEALED.

8 § 2. Subdivision c of section 26-511 of the administrative code of the  
9 city of New York is amended by adding a new paragraph 15 to read as  
10 follows:

11 (15) (a) where an owner combines two or more vacant housing accommo-  
12 datations or combines a vacant housing accommodation with an occupied  
13 accommodation, such initial rent for such new housing accommodation  
14 shall be the combined legal rent for both previous housing accommo-  
15 datations, subject to any applicable guideline increases and any other  
16 increases authorized by this chapter including any individual apartment  
17 improvement increases applicable for both housing accommodations. If an  
18 owner combines a rent regulated accommodation with an apartment not  
19 subject to rent regulation, the resulting apartment shall be subject to  
20 the emergency tenant protection act of nineteen seventy-four. If an  
21 owner increases the area of an apartment not subject to rent regulation  
22 by adding space that was previously part of a rent regulated apartment,  
23 each apartment shall be subject to the emergency tenant protection act  
24 of nineteen seventy-four.

25 (b) where an owner substantially increases the outer dimension of a  
26 vacant housing accommodation, such initial rent shall be the prior rent  
27 of such housing accommodation, increased by a percentage that is equal  
28 to the percentage increase in the dwelling space and such other  
29 increases authorized by this chapter including any applicable guideline  
30 increase and individual apartment improvement increase that could be  
31 authorized for the unit prior to the alteration of the outer dimensions.

32 (c) notwithstanding subparagraphs (a) and (b) of this paragraph, such  
33 increases may be denied based on the occurrence of such vacancy due to  
34 harassment, fraud, or other acts of evasion which may require that such  
35 rent be set in accordance with this subdivision.

36 (d) where the vacant housing accommodations are combined, modified,  
37 divided or the dimension of such housing accommodation otherwise altered  
38 and these changes are being made pursuant to a preservation regulatory  
39 agreement with a federal, state or local governmental agency or instru-  
40 mentality, the rent stabilized rents charged thereafter shall be based  
41 on an initial rent set by such agency or instrumentality.

42 (e) where an owner substantially decreases the outer dimensions of a  
43 vacant housing accommodation, such initial rent shall be the prior rent  
44 of such housing accommodation, decreased by the same percentage the  
45 square footage of the original apartment was decreased by and such other  
46 increases authorized by this chapter including any applicable guideline  
47 increase and individual apartment improvement increase that could be  
48 authorized for the apartment prior to the alteration of the outer dimen-  
49 sions.

50 (f)(i) when an owner combines two or more rent regulated apartments,  
51 the owner may use each of the previous apartments' remaining individual  
52 apartment improvement allowances for the purposes of a temporary indi-  
53 vidual apartment improvement rent increase. The owner shall subsequently  
54 designate a surviving apartment for the purposes of registration that

1 has the same apartment number as one of the prior apartments. If that  
2 prior apartment has any reimbursable individual apartment improvement  
3 money remaining after the combination, that money may be reimbursed for  
4 future individual apartment improvements undertaken within the subse-  
5 quent fifteen years following the combination.

6 (ii) in order for an owner to qualify for a temporary individual  
7 apartment improvement rent increase when apartments are combined, the  
8 requirements for an individual apartment improvement, including all  
9 notification requirements under this chapter shall be met.

10 (g) owners shall maintain the records and rent histories of all  
11 combined apartments, both prior to and post combination, for the  
12 purposes of rent setting, overcharge and all other proceedings to which  
13 the records are applicable.

14 § 2-a. Subdivision (a) of section 10-b of section 4 of chapter 576 of  
15 the laws of 1974, constituting the emergency tenant protection act of  
16 nineteen seventy-four, is amended by adding a new paragraph 13 to read  
17 as follows:

18 13. (i) where an owner combines two or more vacant housing accommo-  
19 datations or combines a vacant housing accommodation with an occupied  
20 accommodation, such initial rent for such new housing accommodation  
21 shall be the combined legal rent for both previous housing accommo-  
22 datations, subject to any applicable guideline increases and any other  
23 increases authorized by this chapter including any individual apartment  
24 improvement increases applicable for both housing accommodations. If an  
25 owner combines a rent regulated accommodation with an apartment not  
26 subject to rent regulation, the resulting apartment shall be subject to  
27 this act. If an owner increases the area of an apartment not subject to  
28 rent regulation by adding space that was previously part of a rent regu-  
29 lated apartment, each apartment shall be subject to this act.

30 (ii) where an owner substantially increases the outer dimension of a  
31 vacant housing accommodation, such initial rent shall be the prior rent  
32 of such housing accommodation, increased by a percentage that is equal  
33 to the percentage increase in the dwelling space and such other  
34 increases authorized by this act including any applicable guideline  
35 increase and individual apartment improvement increase that could be  
36 authorized for the unit prior to the alteration of the outer dimensions.

37 (iii) notwithstanding subparagraphs (i) and (ii) of this paragraph,  
38 such increases may be denied based on the occurrence of such vacancy due  
39 to harassment, fraud, or other acts of evasion which may require that  
40 such rent be set in accordance with section twelve of this act.

41 (iv) where the vacant housing accommodations are combined, modified,  
42 divided or the dimension of such housing accommodation otherwise altered  
43 and these changes are being made pursuant to a preservation regulatory  
44 agreement with a federal, state or local governmental agency or instru-  
45 mentality, the rent stabilized rents charged thereafter shall be based  
46 on an initial rent set by such agency or instrumentality.

47 (v) where an owner substantially decreases the outer dimensions of a  
48 vacant housing accommodation, such initial rent shall be the prior rent  
49 of such housing accommodation, decreased by the same percentage the  
50 square footage of the original apartment was decreased by and such other  
51 increases authorized by this act including any applicable guideline  
52 increase and individual apartment improvement increase that could be  
53 authorized for the apartment prior to the alteration of the outer dimen-  
54 sions.

55 (vi)(1) when an owner combines two or more rent regulated apartments,  
56 the owner may use each of the previous apartments' remaining individual

1 apartment improvement allowances for the purposes of a temporary indi-  
2 vidual apartment improvement rent increase. The owner shall subsequently  
3 designate a surviving apartment for the purposes of registration that  
4 has the same apartment number as one of the prior apartments. If that  
5 prior apartment has any reimbursable individual apartment improvement  
6 money remaining after the combination, that money may be reimbursed for  
7 future individual apartment improvements undertaken within the subse-  
8 quent fifteen years following the combination.

9 (2) in order for an owner to qualify for a temporary individual apart-  
10 ment improvement rent increase when apartments are combined, the  
11 requirements for an individual apartment improvement, including all  
12 notification requirements under this act shall be met.

13 (vii) owners shall maintain the records and rent histories of all  
14 combined apartments, both prior to and post combination, for the  
15 purposes of rent setting, overcharge and all other proceedings to which  
16 the records are applicable.

17 § 3. The opening paragraph of paragraph (a) of subdivision 4 of  
18 section 14 of the public housing law, as added by chapter 116 of the  
19 laws of 1997, is amended to read as follows:

20 that unless otherwise prohibited by occupancy restrictions based upon  
21 income limitations pursuant to federal, state or local law, regulations  
22 or other requirements of governmental agencies, any member of the  
23 tenant's family, as defined in paragraph (c) of this subdivision, shall  
24 succeed to the rights of a tenant under such acts and laws where the  
25 tenant has permanently vacated the housing accommodation and such family  
26 member has resided with the tenant in the housing accommodation as a  
27 primary residence for a period of no less than two years, or where such  
28 person is a "senior citizen" or a "disabled person," as defined in para-  
29 graph (c) of this subdivision, for a period of no less than one year,  
30 immediately prior to the permanent vacating of the housing accommodation  
31 by the tenant, or from the inception of the tenancy or commencement of  
32 the relationship, if for less than such periods. For the purposes of  
33 this paragraph, "permanently vacated" shall mean the date when the  
34 tenant of record physically moves out of the housing accommodation and  
35 permanently ceases to use it as their primary residence, regardless of  
36 subsequent contacts with the unit or the signing of lease renewals or  
37 continuation of rent payments. The minimum periods of required residency  
38 set forth in this subdivision shall not be deemed to be interrupted by  
39 any period during which the "family member" temporarily relocates  
40 because he or she:

41 § 4. Paragraph 5 of subdivision a of section 5 of section 4 of chapter  
42 576 of the laws of 1974, constituting the emergency tenant protection  
43 act of nineteen seventy-four, is amended to read as follows:

44 (5) housing accommodations in buildings completed or buildings  
45 substantially rehabilitated as family units on or after January first,  
46 nineteen hundred seventy-four; provided that an owner claiming exemption  
47 from rent stabilization on the basis of substantial rehabilitation shall  
48 seek approval from state division of housing and community renewal with-  
49 in one year of the completion of the substantial rehabilitation, or for  
50 any building previously alleged to have been substantially rehabilitated  
51 before the effective date of the chapter of the laws of two thousand  
52 twenty-three that amended this paragraph, within six months of such  
53 effective date, and ultimately obtain such approval, which shall be  
54 denied on the following grounds:

1 (a) the owner or its predecessors in interest have engaged in harass-  
2 ment of tenants in the five years preceding the completion of the  
3 substantial rehabilitation;

4 (b) the building was not in a seriously deteriorated condition requir-  
5 ing substantial rehabilitation;

6 (c) the owner's or its predecessors in interest's acts or omissions in  
7 failing to maintain the building materially contributed to the seriously  
8 deteriorated condition of the premises; or

9 (d) the substantial rehabilitation work was performed in a piecemeal  
10 fashion and was not completed in a reasonable amount of time, during  
11 which period the building was at least eighty percent vacant;

12 § 5. This act shall take effect immediately and shall apply to all  
13 pending proceedings on and after such date; provided that the amendments  
14 to section 26-511 of chapter 4 of title 26 of the administrative code of  
15 the city of New York made by section two of this act shall expire on the  
16 same date as such law expires and shall not affect the expiration of  
17 such law as provided under section 26-520 of such law.

18 PART B

19 Section 1. Subparagraph (g) of paragraph 1 of subdivision g of section  
20 26-405 of the administrative code of the city of New York, as amended by  
21 section 27 of part Q of chapter 39 of the laws of 2019, is amended to  
22 read as follows:

23 (g) There has been since July first, nineteen hundred seventy, a major  
24 capital improvement essential for the preservation energy efficiency,  
25 functionality, or infrastructure of the entire building, improvement of  
26 the structure including heating, windows, plumbing and roofing but shall  
27 not be for operational costs or unnecessary cosmetic improvements. The  
28 temporary increase based upon a major capital improvement under this  
29 subparagraph for any order of the commissioner issued after the effec-  
30 tive date of the chapter of the laws of two thousand nineteen that  
31 amended this subparagraph shall be in an amount sufficient to amortize  
32 the cost of the improvements pursuant to this subparagraph (g) over a  
33 twelve-year period for buildings with thirty-five or fewer units or a  
34 twelve and one-half year period for buildings with more than thirty-five  
35 units, and shall be removed from the legal regulated rent thirty years  
36 from the date the increase became effective inclusive of any increases  
37 granted by the applicable rent guidelines board. Temporary major capital  
38 improvement increases shall be collectible prospectively on the first  
39 day of the first month beginning sixty days from the date of mailing  
40 notice of approval to the tenant. Such notice shall disclose the total  
41 monthly increase in rent and the first month in which the tenant would  
42 be required to pay the temporary increase. An approval for a temporary  
43 major capital improvement increase shall not include retroactive  
44 payments. The collection of any increase shall not exceed two percent in  
45 any year from the effective date of the order granting the increase over  
46 the rent set forth in the schedule of gross rents, with collectability  
47 of any dollar excess above said sum to be spread forward in similar  
48 increments and added to the rent as established or set in future years.  
49 Upon vacancy, the landlord may add any remaining balance of the tempo-  
50 rary major capital improvement increase to the legal regulated rent.  
51 Notwithstanding any other provision of the law, for any renewal lease  
52 commencing on or after June 14, 2019, the collection of any rent  
53 increases due to any major capital improvements approved on or after  
54 June 16, 2012 and before June 16, 2019 shall not exceed two percent in

1 any year for any tenant in occupancy on the date the major capital  
2 improvement was approved[7]; provided, however, no application for a  
3 major capital improvement rent increase shall be approved by the divi-  
4 sion of housing and community renewal unless the owner of the property  
5 has filed all copies of permits pertaining to the major capital improve-  
6 ment work with such application. Any application submitted with fraudu-  
7 lent permits or without required permits shall be denied; or

8 § 2. Paragraph 6 of subdivision c of section 26-511 of the administra-  
9 tive code of the city of New York, as separately amended by section 12  
10 of part K of chapter 36 and section 28 of part Q of chapter 39 of the  
11 laws of 2019, is amended to read as follows:

12 (6) provides criteria whereby the commissioner may act upon applica-  
13 tions by owners for increases in excess of the level of fair rent  
14 increase established under this law provided, however, that such crite-  
15 ria shall provide (a) as to hardship applications, for a finding that  
16 the level of fair rent increase is not sufficient to enable the owner to  
17 maintain approximately the same average annual net income (which shall  
18 be computed without regard to debt service, financing costs or manage-  
19 ment fees) for the three year period ending on or within six months of  
20 the date of an application pursuant to such criteria as compared with  
21 annual net income, which prevailed on the average over the period nine-  
22 teen hundred sixty-eight through nineteen hundred seventy, or for the  
23 first three years of operation if the building was completed since nine-  
24 teen hundred sixty-eight or for the first three fiscal years after a  
25 transfer of title to a new owner provided the new owner can establish to  
26 the satisfaction of the commissioner that he or she acquired title to  
27 the building as a result of a bona fide sale of the entire building and  
28 that the new owner is unable to obtain requisite records for the fiscal  
29 years nineteen hundred sixty-eight through nineteen hundred seventy  
30 despite diligent efforts to obtain same from predecessors in title and  
31 further provided that the new owner can provide financial data covering  
32 a minimum of six years under his or her continuous and uninterrupted  
33 operation of the building to meet the three year to three year compar-  
34 ative test periods herein provided; and (b) as to completed building-  
35 wide major capital improvements, for a finding that such improvements  
36 are deemed depreciable under the Internal Revenue Code and that the cost  
37 is to be amortized over a twelve-year period for a building with thir-  
38 ty-five or fewer housing accommodations, or a twelve and one-half-year  
39 period for a building with more than thirty-five housing accommodations,  
40 for any determination issued by the division of housing and community  
41 renewal after the effective date of the [~~the~~] chapter of the laws of two  
42 thousand nineteen that amended this paragraph and shall be removed from  
43 the legal regulated rent thirty years from the date the increase became  
44 effective inclusive of any increases granted by the applicable rent  
45 guidelines board. Temporary major capital improvement increases shall be  
46 collectible prospectively on the first day of the first month beginning  
47 sixty days from the date of mailing notice of approval to the tenant.  
48 Such notice shall disclose the total monthly increase in rent and the  
49 first month in which the tenant would be required to pay the temporary  
50 increase. An approval for a temporary major capital improvement increase  
51 shall not include retroactive payments. The collection of any increase  
52 shall not exceed two percent in any year from the effective date of the  
53 order granting the increase over the rent set forth in the schedule of  
54 gross rents, with collectability of any dollar excess above said sum to  
55 be spread forward in similar increments and added to the rent as estab-  
56 lished or set in future years. Upon vacancy, the landlord may add any

1 remaining balance of the temporary major capital improvement increase to  
2 the legal regulated rent. Notwithstanding any other provision of the  
3 law, for any renewal lease commencing on or after June 14, 2019, the  
4 collection of any rent increases due to any major capital improvements  
5 approved on or after June 16, 2012 and before June 16, 2019 shall not  
6 exceed two percent in any year for any tenant in occupancy on the date  
7 the major capital improvement was approved or based upon cash purchase  
8 price exclusive of interest or service charges. Where an application for  
9 a temporary major capital improvement increase has been filed, a tenant  
10 shall have sixty days from the date of mailing of a notice of a proceed-  
11 ing in which to answer or reply. The state division of housing and  
12 community renewal shall provide any responding tenant with the reasons  
13 for the division's approval or denial of such application. The division  
14 of housing and community renewal shall require the submission of copies  
15 of all permits pertaining to major capital improvement work with any  
16 application for a major capital improvement rent increase. Any applica-  
17 tion submitted with fraudulent permits or without required permits shall  
18 be denied. Notwithstanding anything to the contrary contained herein, no  
19 hardship increase granted pursuant to this paragraph shall, when added  
20 to the annual gross rents, as determined by the commissioner, exceed the  
21 sum of, (i) the annual operating expenses, (ii) an allowance for manage-  
22 ment services as determined by the commissioner, (iii) actual annual  
23 mortgage debt service (interest and amortization) on its indebtedness to  
24 a lending institution, an insurance company, a retirement fund or  
25 welfare fund which is operated under the supervision of the banking or  
26 insurance laws of the state of New York or the United States, and (iv)  
27 eight and one-half percent of that portion of the fair market value of  
28 the property which exceeds the unpaid principal amount of the mortgage  
29 indebtedness referred to in subparagraph (iii) of this paragraph. Fair  
30 market value for the purposes of this paragraph shall be six times the  
31 annual gross rent. The collection of any increase in the stabilized rent  
32 for any apartment pursuant to this paragraph shall not exceed six  
33 percent in any year from the effective date of the order granting the  
34 increase over the rent set forth in the schedule of gross rents, with  
35 collectability of any dollar excess above said sum to be spread forward  
36 in similar increments and added to the stabilized rent as established or  
37 set in future years;

38 § 3. Paragraph 3 of subdivision d of section 6 of section 4 of chapter  
39 576 of the laws of 1974, constituting the emergency tenant protection  
40 act of nineteen seventy-four, as amended by section 26 of part Q of  
41 chapter 39 of the laws of 2019, is amended to read as follows:

42 (3) there has been since January first, nineteen hundred seventy-four  
43 a major capital improvement essential for the preservation, energy effi-  
44 ciency, functionality, or infrastructure of the entire building,  
45 improvement of the structure including heating, windows, plumbing and  
46 roofing, but shall not be for operation costs or unnecessary cosmetic  
47 improvements. An adjustment under this paragraph shall be in an amount  
48 sufficient to amortize the cost of the improvements pursuant to this  
49 paragraph over a twelve-year period for a building with thirty-five or  
50 fewer housing accommodations, or a twelve and one-half period for a  
51 building with more than thirty-five housing accommodations and shall be  
52 removed from the legal regulated rent thirty years from the date the  
53 increase became effective inclusive of any increases granted by the  
54 applicable rent guidelines board, for any determination issued by the  
55 division of housing and community renewal after the effective date of  
56 the chapter of the laws of two thousand nineteen that amended this para-

1 graph. Temporary major capital improvement increases shall be collecta-  
2 ble prospectively on the first day of the first month beginning sixty  
3 days from the date of mailing notice of approval to the tenant. Such  
4 notice shall disclose the total monthly increase in rent and the first  
5 month in which the tenant would be required to pay the temporary  
6 increase. An approval for a temporary major capital improvement increase  
7 shall not include retroactive payments. The collection of any increase  
8 shall not exceed two percent in any year from the effective date of the  
9 order granting the increase over the rent set forth in the schedule of  
10 gross rents, with collectability of any dollar excess above said sum to  
11 be spread forward in similar increments and added to the rent as estab-  
12 lished or set in future years. Upon vacancy, the landlord may add any  
13 remaining balance of the temporary major capital improvement increase to  
14 the legal regulated rent. Notwithstanding any other provision of the  
15 law, the collection of any rent increases for any renewal lease commenc-  
16 ing on or after June 14, 2019, due to any major capital improvements  
17 approved on or after June 16, 2012 and before June 16, 2019 shall not  
18 exceed two percent in any year for any tenant in occupancy on the date  
19 the major capital improvement was approved[~~r~~]; provided, however, no  
20 application for a major capital improvement rent increase shall be  
21 approved by the division of housing and community renewal unless the  
22 owner of the property has filed all copies of permits pertaining to the  
23 major capital improvement work with such application. Any application  
24 submitted with fraudulent permits or without required permits shall be  
25 denied; or

26 § 4. Subparagraph 7 of the second undesignated paragraph of paragraph  
27 (a) of subdivision 4 of section 4 of chapter 274 of the laws of 1946,  
28 constituting the emergency housing rent control law, as separately  
29 amended by section 25 of part Q of chapter 39 and section 14 of part K  
30 of chapter 36 of the laws of 2019, is amended to read as follows:

31 (7) there has been since March first, nineteen hundred fifty, a major  
32 capital improvement essential for the preservation, energy efficiency,  
33 functionality, or infrastructure of the entire building, improvement of  
34 the structure including heating, windows, plumbing and roofing, but  
35 shall not be for operational costs or unnecessary cosmetic improvements;  
36 which for any order of the commissioner issued after the effective date  
37 of the chapter of the laws of two thousand nineteen that amended this  
38 paragraph the cost of such improvement shall be amortized over a twelve-  
39 year period for buildings with thirty-five or fewer units or a twelve  
40 and one-half year period for buildings with more than thirty-five units,  
41 and shall be removed from the legal regulated rent thirty years from the  
42 date the increase became effective inclusive of any increases granted by  
43 the applicable rent guidelines board. Temporary major capital improve-  
44 ment increases shall be collectible prospectively on the first day of  
45 the first month beginning sixty days from the date of mailing notice of  
46 approval to the tenant. Such notice shall disclose the total monthly  
47 increase in rent and the first month in which the tenant would be  
48 required to pay the temporary increase. An approval for a temporary  
49 major capital improvement increase shall not include retroactive  
50 payments. The collection of any increase shall not exceed two percent in  
51 any year from the effective date of the order granting the increase over  
52 the rent set forth in the schedule of gross rents, with collectability  
53 of any dollar excess above said sum to be spread forward in similar  
54 increments and added to the rent as established or set in future years.  
55 Upon vacancy, the landlord may add any remaining balance of the tempo-  
56 rary major capital improvement increase to the legal regulated rent.

1 Notwithstanding any other provision of the law, for any renewal lease  
2 commencing on or after June 14, 2019, the collection of any rent  
3 increases due to any major capital improvements approved on or after  
4 June 16, 2012 and before June 16, 2019 shall not exceed two percent in  
5 any year for any tenant in occupancy on the date the major capital  
6 improvement was approved; provided, however, where an application for a  
7 temporary major capital improvement increase has been filed, a tenant  
8 shall have sixty days from the date of mailing of a notice of a proceed-  
9 ing in which to answer or reply. The state division of housing and  
10 community renewal shall provide any responding tenant with the reasons  
11 for the division's approval or denial of such application; provided,  
12 however, no application for a major capital improvement rent increase  
13 shall be approved by the division of housing and community renewal  
14 unless the owner of the property has filed all copies of permits  
15 pertaining to the major capital improvement work with such application.  
16 Any application submitted with fraudulent permits or without required  
17 permits shall be denied; or

18 § 5. This act shall take effect immediately; provided that the amend-  
19 ments to section 26-405 of the city rent and rehabilitation law made by  
20 section one of this act shall remain in full force and effect only as  
21 long as the public emergency requiring the regulation and control of  
22 residential rents and evictions continues, as provided in subdivision 3  
23 of section 1 of the local emergency housing rent control act; provided,  
24 further, that the amendments to section 26-511 of the rent stabilization  
25 law of nineteen hundred sixty-nine made by section two of this act shall  
26 expire on the same date as such law expires and shall not affect the  
27 expiration of such law as provided under section 26-520 of such law, as  
28 from time to time amended.

29

## PART C

30 Section 1. Subdivision 3 of section 302-a of the multiple dwelling  
31 law, as added by chapter 911 of the laws of 1965, is amended to read as  
32 follows:

33 3. a. If (i) the official records of the department shall note that a  
34 rent impairing violation exists or existed in respect to a multiple  
35 dwelling and that notice of such violation has been given by the depart-  
36 ment, by mail, to the owner last registered with the department and (ii)  
37 such note of the violation [~~is~~ was] not cancelled or removed of record  
38 within [~~six~~ three] months after the date of such notice of such  
39 violation, then for the period that such violation remains uncorrected  
40 after the expiration of said [~~six~~ three] months, no rent shall be recov-  
41 ered by any owner for any premises in such multiple dwelling used by a  
42 resident thereof for human habitation in which the condition constitut-  
43 ing such rent impairing violation exists, provided, however, that if the  
44 violation is one that requires approval of plans by the department for  
45 the corrective work and if plans for such corrective work shall have  
46 been duly filed within [~~three months~~ one month] from the date of notice  
47 of such violation by the department to the owner last registered with  
48 the department, the [~~six months~~ three month] period aforementioned shall  
49 not begin to run until the date that plans for the corrective work are  
50 approved by the department; if plans are not filed within said [~~three-~~  
51 ~~months~~ one month] period or if so filed, they are disapproved and amend-  
52 ments are not duly filed within thirty days after the date of notifica-  
53 tion of the disapproval by the department to the person having filed the  
54 plans, the [~~six months~~ three month] period shall be computed as if no

1 plans whatever had been filed under this proviso. If a condition consti-  
2 tuting a rent impairing violation exists in the part of a multiple  
3 dwelling used in common by the residents or in the part under the  
4 control of the owner thereof, the violation shall be deemed to exist in  
5 the respective premises of each resident of the multiple dwelling.

6 b. The provisions of subparagraph a shall not apply if (i) the condi-  
7 tion referred to in the department's notice to the owner last registered  
8 with the department did not in fact exist, notwithstanding the notation  
9 thereof in the records of the department; (ii) the condition which is  
10 the subject of the violation has in fact been corrected within the three  
11 month period required by subparagraph a of this subdivision, though the  
12 note thereof in the department has not been removed or cancelled; (iii)  
13 the violation has been caused by the resident from whom rent is sought  
14 to be collected or by members of his family or by his guests or by  
15 another resident of the multiple dwelling or the members of the family  
16 of such other resident or by his guests, or (iv) the resident proceeded  
17 against for rent has refused entry to the owner for the purpose of  
18 correcting the condition giving rise to the violation.

19 c. To raise a defense under subparagraph a in any action to recover  
20 rent or in any special proceeding for the recovery of possession because  
21 of non-payment of rent, the resident must affirmatively plead and prove  
22 the material facts under subparagraph a, ~~and must also deposit with the~~  
23 ~~clerk of the court in which the action or proceeding is pending at the~~  
24 ~~time of filing of the resident's answer the amount of rent sought to be~~  
25 ~~recovered in the action or upon which the proceeding to recover~~  
26 ~~possession is based, to be held by the clerk of the court until final~~  
27 ~~disposition of the action or proceeding at which time the rent deposited~~  
28 ~~shall be paid to the owner, if the owner prevails, or be returned to the~~  
29 ~~resident if the resident prevails. Such deposit of rent shall vitiate~~  
30 ~~any right on the part of the owner to terminate the lease or rental~~  
31 ~~agreement of the resident because of nonpayment of rent].~~

32 d. If a resident voluntarily pays rent or an installment of rent when  
33 he or she would be privileged to withhold the same under subparagraph a,  
34 he or she shall ~~[not thereafter]~~ have ~~[any]~~ a claim or cause of action  
35 to recover back the rent or installment of rent so paid. A voluntary  
36 payment within the meaning hereof shall mean payment other than one made  
37 pursuant to a judgment in an action or special proceeding.

38 e. ~~[If upon the trial of any action to recover rent or any special~~  
39 ~~proceeding for the recovery of possession because of non-payment of rent~~  
40 ~~it shall appear that the resident has raised a defense under this~~  
41 ~~section in bad faith, or has caused the violation or has refused entry~~  
42 ~~to the owner for the purpose of correcting the condition giving rise to~~  
43 ~~the violation, the court, in its discretion, may impose upon the resi-~~  
44 ~~dent the reasonable costs of the owner, including counsel fees, in main-~~  
45 ~~taining the action or proceeding not to exceed one hundred dollars.]~~ The  
46 department shall notify the resident and owner when a rent impairing  
47 violation has been placed in their apartment. The notification shall  
48 include a list of the rent impairing violations placed and an explana-  
49 tion of the resident's right to raise the rent impairing violations as a  
50 defense in any action to recover rent or in any special proceeding for  
51 the recovery of possession because of non-payment of rent.

52 § 2. Subdivisions 10 and 11 of section 713 of the real property  
53 actions and proceedings law, subdivision 10 as amended by chapter 467 of  
54 the laws of 1981 and subdivision 11 as added by chapter 312 of the laws  
55 of 1962, are amended to read as follows:

1 10. The person in possession has entered the property or remains in  
2 possession by force or unlawful means and he or she or his or her prede-  
3 cessor in interest was not in quiet possession for three years before  
4 the time of the forcible or unlawful entry or detainer and the petition-  
5 er was peaceably in actual possession at the time of the forcible or  
6 unlawful entry or in constructive possession at the time of the forcible  
7 or unlawful detainer. Any lawful occupant, physically or constructively  
8 in possession, who has been evicted or dispossessed without the court  
9 process mandated by section seven hundred eleven of this article, may  
10 commence a proceeding under this subdivision to be restored to  
11 possession, and shall be so restored upon proof that their eviction was  
12 unlawful; no notice to quit shall be required in order to maintain a  
13 proceeding under this subdivision.

14 11. The person in possession entered into possession as an incident to  
15 employment by petitioner, and the time agreed upon for such possession  
16 has expired or, if no such time was agreed upon, the employment has been  
17 terminated[~~, no notice to quit shall be required in order to maintain~~  
18 ~~the proceeding under this subdivision~~].

19 § 3. Subdivisions 2 and 3 of section 732 of the real property actions  
20 and proceedings law, as amended by section 14 of part M of chapter 36 of  
21 the laws of 2019, are amended to read as follows:

22 2. If the respondent answers, the clerk shall fix a date for trial or  
23 hearing not less than three nor more than eight days after joinder of  
24 issue, and shall immediately notify by mail the parties or their attor-  
25 neys of such date. If the determination be for the petitioner, the issu-  
26 ance of a warrant shall not be stayed for more than five days from such  
27 determination, except as provided in section seven hundred fifty-three  
28 of this article. If the respondent fails to appear on such date, the  
29 court, after making an assessment, pursuant to section thirty-two  
30 hundred fifteen of the civil practice law and rules, may issue a judg-  
31 ment in favor of the petitioner and the issuance of the warrant shall be  
32 stayed for a period not to exceed ten days from the date of service,  
33 except as provided in section seven hundred fifty-three of this article.

34 3. If the respondent fails to answer within ten days from the date of  
35 service, as shown by the affidavit or certificate of service of the  
36 notice of petition and petition, [~~the judge shall render judgment in~~  
37 ~~favor of the petitioner and~~] the petitioner may make an application for  
38 a default judgment. Upon this application, the clerk shall fix a date  
39 for inquest and immediately notify by mail the parties or their attor-  
40 neys of such date. If the respondent fails to appear on such date, the  
41 court, after making an assessment, pursuant to section thirty-two  
42 hundred fifteen of the civil practice law and rules, may issue a judg-  
43 ment in favor of the petitioner and may stay the issuance of the warrant  
44 for a period of not to exceed ten days from the date of service, except  
45 as provided in section seven hundred fifty-three of this article.

46 § 4. This act shall take effect immediately and shall apply to all  
47 pending proceedings on and after such date.

48

## PART D

49 Section 1. Legislative findings. The legislature hereby finds and  
50 declares that:

51 (a) the pool of rent regulated apartments in New York state contains  
52 an unacceptably high number of apartments in which the current rents are  
53 based on prior rents that exceeded the legal regulated rent at the time  
54 they were charged, but for which remedies were limited under the law in

1 effect before the effective date of the Housing Stability and Tenant  
2 Protection Act of 2019 (HSTPA);

3 (b) it is public policy prospectively to reduce, insofar as possible,  
4 those rents to a level in line with what they would have been in the  
5 absence of the unlawful rent setting and deregulations that were permit-  
6 ted under prior law to go unremedied, and therefore to impose the rent  
7 calculation standards of the HSTPA prospectively from the date of its  
8 enactment, including in cases where the pre-HSTPA rent has already been  
9 established by a court or administrative agency;

10 (c) the purpose of the prospective application of the penalty and  
11 record review provisions of the HSTPA is to prevent the perpetual  
12 collection of unlawful and inflated rents, and to encourage the volun-  
13 tary registration of any rent stabilized apartment for which any prior  
14 annual registration statement has not been filed, and to encourage the  
15 voluntary recalculation of unreliable pre-HSTPA rents;

16 (d) in light of court decisions arising under the HSTPA, including  
17 Regina Metro v. DHCR, it is public policy that the legislature define  
18 clearly the prospective reach of that law, and limit, to the extent  
19 required by the constitution, the retroactive reach of that law;

20 (e) despite Regina, the scope of the fraud exception to the pre-HSTPA  
21 four-year rule for calculating rents remains unsettled and the subject  
22 of litigation, and it is therefore public policy that the legislature  
23 codify, without expanding or reducing the liability of landlords under  
24 pre-HSTPA law, the standard for applying that exception;

25 (f) the New York state division of housing and community renewal  
26 (DHCR) misinterpreted the rent stabilization law for a significant peri-  
27 od of time with respect to the regulatory obligations arising from the  
28 receipt of J-51 and 421-a tax benefits resulting in the unlawful dereg-  
29 ulation of tens of thousands of rent-stabilized apartments, the setting  
30 of unlawful rents, and the collection of millions of dollars of rent  
31 overcharges, during a housing emergency. Both landlords and tenants  
32 relied upon the DHCR's misinterpretation of the law. In Regina, the  
33 Court of Appeals settled many of the issues arising from overcharge  
34 claims by tenants who were misled into refraining from filing overcharge  
35 cases during the period when DHCR's erroneous interpretation of the law  
36 was in effect, but left open the issue of whether a landlord's ongoing  
37 collection of overcharges and failure to return apartments to rent-sta-  
38 bilization, after the law was clarified, should be treated as fraud;

39 (g) the integrity of the registration system for rent regulated hous-  
40 ing has been eroded by the use of base date rents, rather than the  
41 service and filing of reliable registration statements, to set rents  
42 under the law in effect between the enactment of the Rent Regulation  
43 Reform Act of 1997 and the HSTPA. It is therefore public policy to  
44 impose, prospectively from the date of the enactment of the HSTPA, a  
45 rent calculation formula that, insofar as possible, derives the legal  
46 regulated rents for apartments from reliable registration statements  
47 served upon tenants and made available to the public; and

48 (h) because pre-HSTPA law with respect to the maintenance by landlords  
49 of rent records was complex, and has an ongoing impact upon the calcu-  
50 lation of post-HSTPA rents, it is necessary to codify the pre-HSTPA law  
51 that applied to the destruction of rent records prior to the enactment  
52 of the HSTPA, and to define clearly the impact of such law upon the  
53 prospective calculation of rents under the HSTPA.

54 § 2. (a) The legal rent for all rent stabilized apartments for the  
55 period from July 1, 2019 and thereafter shall be determined in accord-  
56 ance with Part F of the HSTPA. Where the legal regulated rent for a rent

1 stabilized apartment for the period prior to June 14, 2019 has been  
2 determined by any court or administrative agency, that determination  
3 shall not foreclose a recalculation of the post-HSTPA rent, except that  
4 any pre-HSTPA rent that, as of June 14, 2019, is lower than the rent  
5 that would be permitted to be charged under the HSTPA, shall be deemed  
6 to be the lawful rent under the HSTPA on June 15, 2019, and shall be  
7 used as the basis for calculating subsequent rents under the HSTPA;

8 (b) Subdivision (a) of this section shall apply to all cases, includ-  
9 ing those pending as of June 14, 2019 before any court, appellate tribu-  
10 nal, or administrative agency in which a claim for rent overcharges or  
11 rent arrears has been asserted with respect to rent stabilized housing,  
12 the legal regulated rent for the period from June 14, 2019 and thereaft-  
13 er shall be determined in accordance with Part F of the HSTPA. The legal  
14 regulated rent for the portion of any overcharge claim involving rents  
15 paid prior to June 14, 2019 shall be determined under pre-HSTPA law,  
16 including the default formula in cases of fraud, as codified herein.

17 (c) Nothing in this act, or the HSTPA, or prior law, shall be  
18 construed as restricting, impeding or diminishing the use of records of  
19 any age or type, going back to any date that may be relevant, for  
20 purposes of determining the status of any apartment under the rent  
21 stabilization law;

22 (d) The legal regulated rent payable for the period prior to June 14,  
23 2019 shall be calculated in accordance with the law in effect prior to  
24 the HSTPA, including the prior four-year limitation on the consideration  
25 of rent records, and including the fraud exception to such limitation  
26 and such other exceptions as existed under prior law and under the regu-  
27 lations of the New York state division of housing and community renewal.  
28 Nothing in this act shall be construed as limiting such exceptions or as  
29 limiting the application of any equitable doctrine that extends statutes  
30 of limitations generally. With respect to the calculation of legal rents  
31 for the period prior to June 14, 2019, an owner shall be deemed to have  
32 committed fraud if the owner shall have committed a material breach of  
33 any duty, arising under statutory, administrative or common law, to  
34 disclose truthfully to any tenant, government agency or judicial or  
35 administrative tribunal, the rent, regulatory status, or lease informa-  
36 tion, for purposes of claiming an unlawful rent or claiming to have  
37 deregulated an apartment. The following conduct shall be presumed to  
38 have been the product of such fraud: (1) the unlawful deregulation of  
39 any apartment, including such deregulation as results from claiming an  
40 unlawful increase such as would have brought the rent over the deregu-  
41 lation threshold that existed under prior law, unless the landlord can  
42 prove good faith reliance on a directive or ruling by an administrative  
43 agency or court; or (2) beginning October 1, 2011, failing to register,  
44 as rent stabilized, any apartment in a building receiving J-51 or 421-a  
45 benefits;

46 (e) In accordance with the practice of the New York state division of  
47 housing and community renewal prior to June 14, 2019, where fraud is not  
48 established, base rents of apartments unlawfully deregulated shall be  
49 calculated as the average of rents for comparable rent stabilized apart-  
50 ments in the building, rather than the default formula applicable to  
51 cases involving fraud;

52 (f) For the period prior to June 14, 2019, neither the version of  
53 subdivision g of section 26-516 of the administrative code of the city  
54 of New York then in effect, nor the version of section 2523.7 of the  
55 rent stabilization code (9 NYCRR 2523.7) then in effect shall be  
56 construed as permitting the destruction of rent records for units that

1 have not been properly and timely registered. Where records have been  
2 permitted to be destroyed by virtue of proper registration, and no other  
3 law required the maintenance of such records, and where the owner has  
4 proven that such records were actually destroyed in accordance with  
5 prior law and that such destruction took place prior to June 15, 2019,  
6 the registration served and filed prior to such lawful destruction of  
7 records shall be presumed to be reliable, for purposes of any post-HSTPA  
8 calculation of the rent, but that presumption shall be rebuttable. The  
9 parties shall be entitled to discovery of any evidence found to be  
10 reasonably necessary to demonstrate the legal rent. Nothing in this  
11 subdivision shall be interpreted as authorizing the destruction of any  
12 record, that under prior law was relevant to establishing (1) the status  
13 of an apartment as regulated or unregulated; (2) the presence or absence  
14 of fraud with respect to renting any housing accommodation; (3) the  
15 presence or absence of willfulness in the collection of overcharges; (4)  
16 the useful life of any item, the replacement of which is claimed by the  
17 owner to qualify an apartment for a rent increase; (5) the duration of  
18 any tenancy, such as would establish whether an owner was entitled under  
19 prior law to a longevity increase; or (6) compliance with any law that,  
20 independently of the rent stabilization law, required or requires the  
21 maintenance of such records. Where the calculation of the rent is  
22 dependent upon records that the owner has improperly destroyed, includ-  
23 ing where the records were destroyed without the apartment having been  
24 registered, the rent shall be calculated in accordance with the default  
25 formula.

26 § 3. This act shall take effect immediately.

27 § 2. Severability. If any clause, sentence, paragraph, section or part  
28 of this act shall be adjudged by any court of competent jurisdiction to  
29 be invalid and after exhaustion of all further judicial review, the  
30 judgment shall not affect, impair, or invalidate the remainder thereof,  
31 but shall be confined in its operation to the clause, sentence, para-  
32 graph, section or part of this act directly involved in the controversy  
33 in which the judgment shall have been rendered.

34 § 3. This act shall take effect immediately provided, however, that  
35 the applicable effective date of Parts A through D of this act shall be  
36 as specifically set forth in the last section of such Parts.