

STATE OF NEW YORK

6216--B

2023-2024 Regular Sessions

IN ASSEMBLY

April 3, 2023

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 -- again reported from said committee with amendments, 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 (d) of subdivision 4 of section 14 of the public housing law, in relation thereto (Part A); to define clearly the scope of the fraud exception to the pre-HSTPA four-year rule for calculating rents (Part B); and to amend the administrative code of the city of New York, the emergency tenant protection act of nineteen seventy-four and the public housing law, in relation to the failure of owners to file rent registration statements and the enforcement powers of the commissioner of housing and community renewal (Part C)

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 C. 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
7 makes reference to a section "of this act", when used in connection with
8 that particular component, shall be deemed to mean and refer to the

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

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1 corresponding section of the Part in which it is found. Section three of
2 this act sets forth the general effective date of this act.

3 PART A

4 Section 1. Subdivision c of section 26-511 of the administrative code
5 of the city of New York is amended by adding a new paragraph 15 to read
6 as follows:

7 (15) (a) where an owner combines two or more vacant housing accommo-
8 dations or combines a vacant housing accommodation with an occupied
9 housing accommodation, such initial rent for such new housing accommo-
10 dation shall be the combined legal rent for both previous housing accom-
11 modations, subject to any applicable guideline increases and any other
12 increases authorized by this chapter including any individual apartment
13 improvement increases applicable for both housing accommodations. If an
14 owner combines a rent regulated accommodation with an apartment not
15 subject to rent regulation, the resulting apartment shall be subject to
16 this chapter. If an owner increases the area of an apartment not subject
17 to rent regulation by adding space that was previously part of a rent
18 regulated apartment, each apartment shall be subject to this chapter.

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

26 (c) notwithstanding subparagraphs (a) and (b) of this paragraph, such
27 increases may be denied based on the occurrence of such vacancy due to
28 harassment, fraud, or other acts of evasion which may require that such
29 rent be set in accordance with section 26-516 of this title.

30 (d) where the vacant housing accommodations are combined, modified,
31 divided or the dimension of such housing accommodation otherwise altered
32 and these changes are being made pursuant to a preservation regulatory
33 agreement with a federal, state or local governmental agency or instru-
34 mentality, the rent stabilized rents charged thereafter shall be based
35 on an initial rent set by such agency or instrumentality, provided such
36 initial rent shall not be higher than if the initial rent was calculated
37 in accordance with subparagraphs (a), (b), (e) or (f) of this paragraph.

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

46 (f)(i) when an owner combines two or more rent regulated apartments,
47 the owner may use each of the previous apartments' remaining individual
48 apartment improvement allowances for the purposes of a temporary indi-
49 vidual apartment improvement rent increase. The owner shall subsequently
50 designate a surviving apartment for the purposes of registration that
51 has the same apartment number as one of the prior apartments. If that
52 prior apartment has any reimbursable individual apartment improvement
53 money remaining after the combination, that money may be reimbursed for

1 future individual apartment improvements undertaken within the subse-
2 quent fifteen years following the combination.

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

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

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

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

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

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

38 (iv) where the vacant housing accommodations are combined, modified,
39 divided or the dimension of such housing accommodation otherwise altered
40 and these changes are being made pursuant to a preservation regulatory
41 agreement with a federal, state or local governmental agency or instru-
42 mentality, the rent stabilized rents charged thereafter shall be based
43 on an initial rent set by such agency or instrumentality, provided such
44 initial rent shall not be higher than if the initial rent was calculated
45 in accordance with subparagraphs (i), (ii), (v) or (vi) of this para-
46 graph.

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 permanently stops residing in the housing accommodation
35 regardless of subsequent contacts with the unit or the signing of lease
36 renewals or continuation of rent payments. The minimum periods of
37 required residency set forth in this subdivision shall not be deemed to
38 be interrupted by any period during which the "family member" temporar-
39 ily relocates because he or she:

40 § 4. Paragraph (d) of subdivision 4 of section 14 of the public hous-
41 ing law is REPEALED.

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

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

6 § 6. This act shall take effect immediately and shall apply to all
7 pending proceedings on and after such date; provided that the amendments
8 to section 26-511 of chapter 4 of title 26 of the administrative code of
9 the city of New York made by section one of this act shall expire on the
10 same date as such law expires and shall not affect the expiration of
11 such law as provided under section 26-520 of such law.

12

PART B

13 Section 1. Legislative findings. The legislature hereby finds and
14 declares that in light of court decisions arising under the Housing
15 Stability and Tenant Protection Act of 2019 (HSTPA), including Regina
16 Metro v. DHCR, it is public policy that the legislature define clearly
17 the scope of the fraud exception to the pre-HSTPA four-year rule for
18 calculating rents which remains unsettled and the subject of litigation
19 where courts have diverged from the controlling authority of Thornton v.
20 Baron and Grimm v. DHCR to impose a common law fraud standard that is
21 not found in these cases and is inconsistent with the intent of the
22 legislature to discourage and penalize fraud against the rent regulatory
23 system itself, as well as against individual tenants, and it is there-
24 fore public policy that the legislature codify, without expanding or
25 reducing the liability of landlords under pre-HSTPA law, the standard
26 for applying that exception.

27 § 2. (a) Nothing in this act, or the HSTPA, or prior law, shall be
28 construed as restricting, impeding or diminishing the use of records of
29 any age or type, going back to any date that may be relevant, for
30 purposes of determining the status of any apartment under the rent
31 stabilization law;

32 (b) With respect to the calculation of legal rents for the period
33 either prior to or subsequent to June 14, 2019, an owner shall be deemed
34 to have committed fraud if the owner shall have committed a material
35 breach of any duty, arising under statutory, administrative or common
36 law, to disclose truthfully to any tenant, government agency or judicial
37 or administrative tribunal, the rent, regulatory status, or lease infor-
38 mation, for purposes of claiming an unlawful rent or claiming to have
39 deregulated an apartment, whether or not the owner's conduct would be
40 considered fraud under the common law, and whether or not a complaining
41 tenant specifically relied on untruthful or misleading statements in
42 registrations, leases, or other documents. The following conduct shall
43 be presumed to have been the product of such fraud: (1) the unlawful
44 deregulation of any apartment, including such deregulation as results
45 from claiming an unlawful increase such as would have brought the rent
46 over the deregulation threshold that existed under prior law, unless the
47 landlord can prove good faith reliance on a directive or ruling by an
48 administrative agency or court; or (2) beginning October 1, 2011, fail-
49 ing to register, as rent stabilized, any apartment in a building receiv-
50 ing J-51 or 421-a benefits.

51 § 3. This act shall take effect immediately.

52

PART C

1 Section 1. Subdivision e of section 26-517 of the administrative code
2 of the city of New York, as amended by chapter 253 of the laws of 1993,
3 is amended to read as follows:

4 e. The failure to file a proper and timely initial or annual rent
5 registration statement shall, until such time as such registration is
6 filed, bar an owner from applying for or collecting any rent in excess
7 of the legal regulated rent in effect on the date of the last preceding
8 registration statement or if no such statements have been filed, the
9 legal regulated rent in effect on the date that the housing accommo-
10 dation became subject to the registration requirements of this section.
11 The filing of a late registration shall result in the prospective elimi-
12 nation of such sanctions and provided that increases in the legal regu-
13 lated rent were lawful except for the failure to file a timely registra-
14 tion, the owner, upon the service and filing of a late registration,
15 shall not be found to have collected an overcharge at any time prior to
16 the filing of the late registration. [~~If such late registration is filed
17 subsequent to the filing of an overcharge complaint, the owner shall be
18 assessed a late filing surcharge for each late registration in an amount
19 equal to fifty percent of the timely rent registration fee.~~] In addition
20 to all other requirements set forth in this subdivision, in the event a
21 timely rent registration is not filed and after notice of such delin-
22 quency is provided by the state division of housing and community
23 renewal to the owner in the form of electronic mail and mail to the
24 address listed in the owner's most recent registration statement, the
25 owner shall be subject to a fine of five hundred dollars per unregis-
26 tered unit for each month the registration is delinquent. Such a fine
27 shall be imposed by order, and such order imposing a fine shall be
28 deemed a final determination for the purposes of judicial review. Such
29 fine may, upon the expiration of the period for seeking review pursuant
30 to article seventy-eight of the civil practice law and rules, be docket-
31 ed and enforced in the manner of a judgment of the supreme court by the
32 state division of housing and community renewal.

33 § 2. Subdivision e of section 12-a of section 4 of chapter 576 of the
34 laws of 1974 constituting the emergency tenant protection act of nine-
35 teen seventy-four, as amended by chapter 253 of the laws of 1993, is
36 amended to read as follows:

37 e. The failure to file a proper and timely initial or annual rent
38 registration statement shall, until such time as such registration is
39 filed, bar an owner from applying for or collecting any rent in excess
40 of the legal regulated rent in effect on the date of the last preceding
41 registration statement or if no such statements have been filed, the
42 legal regulated rent in effect on the date that the housing accommo-
43 dation became subject to the registration requirements of this section.
44 The filing of a late registration shall result in the prospective elimi-
45 nation of such sanctions and provided that increases in the legal regu-
46 lated rent were lawful except for the failure to file a timely registra-
47 tion, the owner, upon the service and filing of a late registration,
48 shall not be found to have collected an overcharge at any time prior to
49 the filing of the late registration. [~~If such late registration is filed
50 subsequent to the filing of an overcharge complaint, the owner shall be
51 assessed a late filing surcharge for each late registration in an amount
52 equal to fifty percent of the timely rent registration fee.~~] In addition
53 to all other requirements set forth in this subdivision, in the event a
54 timely rent registration is not filed and after notice of such delin-
55 quency is provided by the division of housing and community renewal to
56 the owner in the form of electronic mail and mail to the address listed

1 in the owner's most recent registration statement, the owner shall be
2 subject to a fine of five hundred dollars per unregistered unit for each
3 month the registration is delinquent. Such a fine shall be imposed by
4 order, and such order imposing a fine shall be deemed a final determi-
5 nation for the purposes of judicial review. Such fine may, upon the
6 expiration of the period for seeking review pursuant to article seven-
7 ty-eight of the civil practice law and rules, be docketed and enforced
8 in the manner of a judgment of the supreme court by the division of
9 housing and community renewal.

10 § 3. Subdivision 1 of section 14 of the public housing law is amended
11 by adding a new paragraph (x) to read as follows:

12 (x) enforce the emergency tenant protection act of nineteen seventy-
13 four, the emergency housing rent control law, the local emergency hous-
14 ing rent control act, the rent stabilization law of nineteen sixty-nine
15 and any regulations, rules and policies enacted pursuant thereto, in
16 addition to any other laws, rules or regulations related to housing that
17 is financed, administered, overseen or otherwise regulated by the agency
18 or its related entities which constitute component parts of the divi-
19 sion; such enforcement authority shall include, but not be limited to,
20 all of the powers granted by the other provisions of this subdivision,
21 the statutes, rules, regulations and other documents governing the
22 administration of housing by the division, and, where applicable, the
23 power to issue orders.

24 § 4. This act shall take effect immediately, provided that the amend-
25 ments to section 26-517 of chapter 4 of title 26 of the administrative
26 code of the city of New York made by section one of this act shall
27 expire on the same date as such law expires and shall not affect the
28 expiration of such law as provided under section 26-520 of such law.

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

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