

STATE OF NEW YORK

1020--B

2025-2026 Regular Sessions

IN SENATE

(Prefiled)

January 8, 2025

Introduced by Sen. JACKSON -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Housing, Construction and Community Development in accordance with Senate Rule 6, sec. 8 -- 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, the emergency tenant protection act of nineteen seventy-four and the emergency housing rent control law, in relation to requiring thirty days notice be provided to tenants prior to the beginning of work on a major capital improvement

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

1 Section 1. Subparagraph (g) of paragraph 1 of subdivision g of section
2 26-405 of the administrative code of the city of New York, as amended by
3 section 27 of part Q of chapter 39 of the laws of 2019, is amended to
4 read as follows:
5 (g) There has been since July first, nineteen hundred seventy, a major
6 capital improvement essential for the preservation energy efficiency,
7 functionality, or infrastructure of the entire building, improvement of
8 the structure including heating, windows, plumbing and roofing but shall
9 not be for operational costs or unnecessary cosmetic improvements. The
10 temporary increase based upon a major capital improvement under this
11 subparagraph for any order of the commissioner issued after the effective
12 date of [~~the~~ part K of chapter thirty-six of the laws of two thousand
13 nineteen [~~that amended this subparagraph~~] shall be in an amount
14 sufficient to amortize the cost of the improvements pursuant to this
15 subparagraph (g) over a twelve-year period for buildings with thirty-

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

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1 five or fewer units or a twelve and one-half year period for buildings
2 with more than thirty-five units, and shall be removed from the legal
3 regulated rent thirty years from the date the increase became effective
4 inclusive of any increases granted by the applicable rent guidelines
5 board. Temporary major capital improvement increases shall be collect-
6 ible prospectively on the first day of the first month beginning sixty
7 days from the date of mailing notice of approval to the tenant. Such
8 notice shall disclose the total monthly increase in rent and the first
9 month in which the tenant would be required to pay the temporary
10 increase. An approval for a temporary major capital improvement increase
11 shall not include retroactive payments. The collection of any increase
12 shall not exceed two percent in any year from the effective date of the
13 order granting the increase over the rent set forth in the schedule of
14 gross rents, with collectability of any dollar excess above said sum to
15 be spread forward in similar increments and added to the rent as estab-
16 lished or set in future years. Upon vacancy, the landlord may add any
17 remaining balance of the temporary major capital improvement increase to
18 the legal regulated rent. Notwithstanding any other provision of the
19 law, for any renewal lease commencing on or after June 14, 2019, the
20 collection of any rent increases due to any major capital improvements
21 approved on or after June 16, 2012 and before June 16, 2019 shall not
22 exceed two percent in any year for any tenant in occupancy on the date
23 the major capital improvement was approved. To be eligible for a tempo-
24 rary rent increase based upon a major capital improvement under this
25 subparagraph, thirty days notice shall be required to be provided to
26 tenants prior to the beginning of work on such major capital
27 improvement, or

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

32 (6) provides criteria whereby the commissioner may act upon applica-
33 tions by owners for increases in excess of the level of fair rent
34 increase established under this law provided, however, that such crite-
35 ria shall provide (a) as to hardship applications, for a finding that
36 the level of fair rent increase is not sufficient to enable the owner to
37 maintain approximately the same average annual net income (which shall
38 be computed without regard to debt service, financing costs or manage-
39 ment fees) for the three year period ending on or within six months of
40 the date of an application pursuant to such criteria as compared with
41 annual net income, which prevailed on the average over the period nine-
42 teen hundred sixty-eight through nineteen hundred seventy, or for the
43 first three years of operation if the building was completed since nine-
44 teen hundred sixty-eight or for the first three fiscal years after a
45 transfer of title to a new owner provided the new owner can establish to
46 the satisfaction of the commissioner that [~~he or she~~] such owner
47 acquired title to the building as a result of a bona fide sale of the
48 entire building and that the new owner is unable to obtain requisite
49 records for the fiscal years nineteen hundred sixty-eight through nine-
50 teen hundred seventy despite diligent efforts to obtain same from prede-
51 cessors in title and further provided that the new owner can provide
52 financial data covering a minimum of six years under [~~his or her~~] such
53 owner's continuous and uninterrupted operation of the building to meet
54 the three year to three year comparative test periods herein provided;
55 and (b) as to completed building-wide major capital improvements, for a
56 finding that such improvements are deemed depreciable under the Internal

1 Revenue Code and that the cost is to be amortized over a twelve-year
2 period for a building with thirty-five or fewer housing accommodations,
3 or a twelve and one-half-year period for a building with more than thir-
4 ty-five housing accommodations, for any determination issued by the
5 division of housing and community renewal after the effective date of
6 ~~[the the]~~ part K of chapter thirty-nine of the laws of two thousand
7 nineteen ~~[that amended this paragraph]~~ and shall be removed from the
8 legal regulated rent thirty years from the date the increase became
9 effective inclusive of any increases granted by the applicable rent
10 guidelines board. Temporary major capital improvement increases shall be
11 collectible prospectively on the first day of the first month beginning
12 sixty days from the date of mailing notice of approval to the tenant.
13 Such notice shall disclose the total monthly increase in rent and the
14 first month in which the tenant would be required to pay the temporary
15 increase. An approval for a temporary major capital improvement increase
16 shall not include retroactive payments. The collection of any increase
17 shall not exceed two percent in any year from the effective date of the
18 order granting the increase over the rent set forth in the schedule of
19 gross rents, with collectability of any dollar excess above said sum to
20 be spread forward in similar increments and added to the rent as estab-
21 lished or set in future years. Upon vacancy, the landlord may add any
22 remaining balance of the temporary major capital improvement increase to
23 the legal regulated rent. Notwithstanding any other provision of the
24 law, for any renewal lease commencing on or after June 14, 2019, the
25 collection of any rent increases due to any major capital improvements
26 approved on or after June 16, 2012 and before June 16, 2019 shall not
27 exceed two percent in any year for any tenant in occupancy on the date
28 the major capital improvement was approved or based upon cash purchase
29 price exclusive of interest or service charges. To be eligible for a
30 temporary rent increase based upon a major capital improvement under
31 this paragraph, thirty days notice shall be required to be provided to
32 tenants prior to the beginning of work on such major capital improve-
33 ment. Where an application for a temporary major capital improvement
34 increase has been filed, a tenant shall have sixty days from the date of
35 mailing of a notice of a proceeding in which to answer or reply. The
36 state division of housing and community renewal shall provide any
37 responding tenant with the reasons for the division's approval or denial
38 of such application. Notwithstanding anything to the contrary contained
39 herein, no hardship increase granted pursuant to this paragraph shall,
40 when added to the annual gross rents, as determined by the commissioner,
41 exceed the sum of, (i) the annual operating expenses, (ii) an allowance
42 for management services as determined by the commissioner, (iii) actual
43 annual mortgage debt service (interest and amortization) on its indebt-
44 edness to a lending institution, an insurance company, a retirement fund
45 or welfare fund which is operated under the supervision of the banking
46 or insurance laws of the state of New York or the United States, and
47 (iv) eight and one-half percent of that portion of the fair market value
48 of the property which exceeds the unpaid principal amount of the mort-
49 gage indebtedness referred to in subparagraph (iii) of this paragraph.
50 Fair market value for the purposes of this paragraph shall be six times
51 the annual gross rent. The collection of any increase in the stabilized
52 rent for any apartment pursuant to this paragraph shall not exceed six
53 percent in any year from the effective date of the order granting the
54 increase over the rent set forth in the schedule of gross rents, with
55 collectability of any dollar excess above said sum to be spread forward

1 in similar increments and added to the stabilized rent as established or
2 set in future years;

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

7 (3) there has been since January first, nineteen hundred seventy-four
8 a major capital improvement essential for the preservation, energy effi-
9 ciency, functionality, or infrastructure of the entire building,
10 improvement of the structure including heating, windows, plumbing and
11 roofing, but shall not be for operation costs or unnecessary cosmetic
12 improvements. An adjustment under this paragraph shall be in an amount
13 sufficient to amortize the cost of the improvements pursuant to this
14 paragraph over a twelve-year period for a building with thirty-five or
15 fewer housing accommodations, or a twelve and one-half period for a
16 building with more than thirty-five housing accommodations and shall be
17 removed from the legal regulated rent thirty years from the date the
18 increase became effective inclusive of any increases granted by the
19 applicable rent guidelines board, for any determination issued by the
20 division of housing and community renewal after the effective date of
21 the chapter of the laws of two thousand nineteen that amended this para-
22 graph. Temporary major capital improvement increases shall be collecta-
23 ble prospectively on the first day of the first month beginning sixty
24 days from the date of mailing notice of approval to the tenant. Such
25 notice shall disclose the total monthly increase in rent and the first
26 month in which the tenant would be required to pay the temporary
27 increase. An approval for a temporary major capital improvement increase
28 shall not include retroactive payments. The collection of any increase
29 shall not exceed two percent in any year from the effective date of the
30 order granting the increase over the rent set forth in the schedule of
31 gross rents, with collectability of any dollar excess above said sum to
32 be spread forward in similar increments and added to the rent as estab-
33 lished or set in future years. Upon vacancy, the landlord may add any
34 remaining balance of the temporary major capital improvement increase to
35 the legal regulated rent. Notwithstanding any other provision of the
36 law, the collection of any rent increases for any renewal lease commenc-
37 ing on or after June 14, 2019, due to any major capital improvements
38 approved on or after June 16, 2012 and before June 16, 2019 shall not
39 exceed two percent in any year for any tenant in occupancy on the date
40 the major capital improvement was approved. To be eligible for a tempo-
41 rary rent increase based upon a major capital improvement under this
42 paragraph, thirty days notice shall be required to be provided to
43 tenants prior to the beginning of work on such major capital
44 improvement, or

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

50 (7) there has been since March first, nineteen hundred fifty, a major
51 capital improvement essential for the preservation, energy efficiency,
52 functionality, or infrastructure of the entire building, improvement of
53 the structure including heating, windows, plumbing and roofing, but
54 shall not be for operational costs or unnecessary cosmetic improvements;
55 which for any order of the commissioner issued after the effective date
56 of [~~the~~] part K of chapter thirty-six of the laws of two thousand nine-

1 teen [~~that amended this paragraph~~] the cost of such improvement shall be
2 amortized over a twelve-year period for buildings with thirty-five or
3 fewer units or a twelve and one-half year period for buildings with more
4 than thirty-five units, and shall be removed from the legal regulated
5 rent thirty years from the date the increase became effective inclusive
6 of any increases granted by the applicable rent guidelines board. Tempo-
7 rary major capital improvement increases shall be collectible prospec-
8 tively on the first day of the first month beginning sixty days from the
9 date of mailing notice of approval to the tenant. Such notice shall
10 disclose the total monthly increase in rent and the first month in which
11 the tenant would be required to pay the temporary increase. An approval
12 for a temporary major capital improvement increase shall not include
13 retroactive payments. The collection of any increase shall not exceed
14 two percent in any year from the effective date of the order granting
15 the increase over the rent set forth in the schedule of gross rents,
16 with collectability of any dollar excess above said sum to be spread
17 forward in similar increments and added to the rent as established or
18 set in future years. Upon vacancy, the landlord may add any remaining
19 balance of the temporary major capital improvement increase to the legal
20 regulated rent. Notwithstanding any other provision of the law, for any
21 renewal lease commencing on or after June 14, 2019, the collection of
22 any rent increases due to any major capital improvements approved on or
23 after June 16, 2012 and before June 16, 2019 shall not exceed two
24 percent in any year for any tenant in occupancy on the date the major
25 capital improvement was approved; provided, however, to be eligible for
26 a temporary rent increase based upon a major capital improvement under
27 this subparagraph, thirty days notice shall be required to be provided
28 to tenants prior to the beginning of work on such major capital improve-
29 ment; provided, however, where an application for a temporary major
30 capital improvement increase has been filed, a tenant shall have sixty
31 days from the date of mailing of a notice of a proceeding in which to
32 answer or reply. The state division of housing and community renewal
33 shall provide any responding tenant with the reasons for the division's
34 approval or denial of such application; or

35 § 5. This act shall take effect on the ninetieth day after it shall
36 have become a law; provided that:

37 (a) the amendments to section 26-405 of the city rent and rehabili-
38 tation law made by section one of this act shall remain in full force
39 and effect only as long as the public emergency requiring the regulation
40 and control of residential rents and evictions continues, as provided in
41 subdivision 3 of section 1 of the local emergency housing rent control
42 act; and

43 (b) the amendments to section 26-511 of chapter 4 of title 26 of the
44 administrative code of the city of New York made by section two of this
45 act shall expire on the same date as such law expires and shall not
46 affect the expiration of such law as provided under section 26-520 of
47 such law.