

STATE OF NEW YORK

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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 -- 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 effec-
12 tive date of ~~[the]~~ part K of chapter thirty-six of the laws of two thou-
13 sand nineteen ~~[that amended this subparagraph]~~ shall be in an amount
14 sufficient to amortize the cost of the improvements pursuant to this

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

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subparagraph (g) over a twelve-year period for buildings with thirty-five or fewer units or a twelve and one-half year period for buildings with more than thirty-five units, and shall be removed from the legal regulated rent thirty years from the date the increase became effective inclusive of any increases granted by the applicable rent guidelines board. Temporary major capital improvement increases shall be collectible prospectively on the first day of the first month beginning sixty days from the date of mailing notice of approval to the tenant. Such notice shall disclose the total monthly increase in rent and the first month in which the tenant would be required to pay the temporary increase. An approval for a temporary major capital improvement increase shall not include retroactive payments. The collection of any increase shall not exceed two percent in any year from the effective date of the order granting the increase over the rent set forth in the schedule of gross rents, with collectability of any dollar excess above said sum to be spread forward in similar increments and added to the rent as established or set in future years. Upon vacancy, the landlord may add any remaining balance of the temporary major capital improvement increase to the legal regulated rent. Notwithstanding any other provision of the law, for any renewal lease commencing on or after June 14, 2019, the collection of any rent increases due to any major capital improvements approved on or after June 16, 2012 and before June 16, 2019 shall not exceed two percent in any year for any tenant in occupancy on the date the major capital improvement was approved. To be eligible for a temporary rent increase based upon a major capital improvement under this subparagraph, thirty days notice shall be required to be provided to tenants prior to the beginning of work on such major capital improvement, provided, however, that such thirty days notice shall not be required where the work constitutes emergency work as defined by the local housing maintenance code, building code, or other applicable local law or regulation, and where such emergency work is necessary to correct an immediately hazardous condition or to prevent imminent danger to life, health, or safety; provided further that in such cases the owner shall provide notice to tenants as soon as permits for such emergency work are pulled, or within seventy-two hours of the commencement of such work, whichever occurs first, or

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

(6) provides criteria whereby the commissioner may act upon applications by owners for increases in excess of the level of fair rent increase established under this law provided, however, that such criteria shall provide (a) as to hardship applications, for a finding that the level of fair rent increase is not sufficient to enable the owner to maintain approximately the same average annual net income (which shall be computed without regard to debt service, financing costs or management fees) for the three year period ending on or within six months of the date of an application pursuant to such criteria as compared with annual net income, which prevailed on the average over the period nineteen hundred sixty-eight through nineteen hundred seventy, or for the first three years of operation if the building was completed since nineteen hundred sixty-eight or for the first three fiscal years after a transfer of title to a new owner provided the new owner can establish to the satisfaction of the commissioner that ~~[he or she]~~ such owner acquired title to the building as a result of a bona fide sale of the

entire building and that the new owner is unable to obtain requisite records for the fiscal years nineteen hundred sixty-eight through nineteen hundred seventy despite diligent efforts to obtain same from predecessors in title and further provided that the new owner can provide financial data covering a minimum of six years under ~~[his or her]~~ such owner's continuous and uninterrupted operation of the building to meet the three year to three year comparative test periods herein provided; and (b) as to completed building-wide major capital improvements, for a finding that such improvements are deemed depreciable under the Internal Revenue Code and that the cost is to be amortized over a twelve-year period for a building with thirty-five or fewer housing accommodations, or a twelve and one-half-year period for a building with more than thirty-five housing accommodations, for any determination issued by the division of housing and community renewal after the effective date of ~~[the the]~~ part K of chapter thirty-nine of the laws of two thousand nineteen ~~[that amended this paragraph]~~ and shall be removed from the legal regulated rent thirty years from the date the increase became effective inclusive of any increases granted by the applicable rent guidelines board. Temporary major capital improvement increases shall be collectible prospectively on the first day of the first month beginning sixty days from the date of mailing notice of approval to the tenant. Such notice shall disclose the total monthly increase in rent and the first month in which the tenant would be required to pay the temporary increase. An approval for a temporary major capital improvement increase shall not include retroactive payments. The collection of any increase shall not exceed two percent in any year from the effective date of the order granting the increase over the rent set forth in the schedule of gross rents, with collectability of any dollar excess above said sum to be spread forward in similar increments and added to the rent as established or set in future years. Upon vacancy, the landlord may add any remaining balance of the temporary major capital improvement increase to the legal regulated rent. Notwithstanding any other provision of the law, for any renewal lease commencing on or after June 14, 2019, the collection of any rent increases due to any major capital improvements approved on or after June 16, 2012 and before June 16, 2019 shall not exceed two percent in any year for any tenant in occupancy on the date the major capital improvement was approved or based upon cash purchase price exclusive of interest or service charges. To be eligible for a temporary rent increase based upon a major capital improvement under this paragraph, thirty days notice shall be required to be provided to tenants prior to the beginning of work on such major capital improvement, provided, however, that such thirty days notice shall not be required where the work constitutes emergency work as defined by the local housing maintenance code, building code, or other applicable local law or regulation, and where such emergency work is necessary to correct an immediately hazardous condition or to prevent imminent danger to life, health, or safety; provided further that in such cases the owner shall provide notice to tenants as soon as permits for such emergency work are pulled, or within seventy-two hours of the commencement of such work, whichever occurs first. Where an application for a temporary major capital improvement increase has been filed, a tenant shall have sixty days from the date of mailing of a notice of a proceeding in which to answer or reply. The state division of housing and community renewal shall provide any responding tenant with the reasons for the division's approval or denial of such application. Notwithstanding anything to the contrary contained herein, no hardship increase granted pursuant to this

1 paragraph shall, when added to the annual gross rents, as determined by
2 the commissioner, exceed the sum of, (i) the annual operating expenses,
3 (ii) an allowance for management services as determined by the commis-
4 sioner, (iii) actual annual mortgage debt service (interest and amorti-
5 zation) on its indebtedness to a lending institution, an insurance
6 company, a retirement fund or welfare fund which is operated under the
7 supervision of the banking or insurance laws of the state of New York or
8 the United States, and (iv) eight and one-half percent of that portion
9 of the fair market value of the property which exceeds the unpaid prin-
10 cipal amount of the mortgage indebtedness referred to in subparagraph
11 (iii) of this paragraph. Fair market value for the purposes of this
12 paragraph shall be six times the annual gross rent. The collection of
13 any increase in the stabilized rent for any apartment pursuant to this
14 paragraph shall not exceed six percent in any year from the effective
15 date of the order granting the increase over the rent set forth in the
16 schedule of gross rents, with collectability of any dollar excess above
17 said sum to be spread forward in similar increments and added to the
18 stabilized rent as established or set in future years;

19 § 3. Paragraph 3 of subdivision d of section 6 of section 4 of chapter
20 576 of the laws of 1974, constituting the emergency tenant protection
21 act of nineteen seventy-four, as amended by section 26 of part Q of
22 chapter 39 of the laws of 2019, is amended to read as follows:

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

rary rent increase based upon a major capital improvement under this paragraph, thirty days notice shall be required to be provided to tenants prior to the beginning of work on such major capital improvement, provided, however, that such thirty days notice shall not be required where the work constitutes emergency work as defined by the local housing maintenance code, building code, or other applicable local law or regulation, and where such emergency work is necessary to correct an immediately hazardous condition or to prevent imminent danger to life, health, or safety; provided further that in such cases the owner shall provide notice to tenants as soon as permits for such emergency work are pulled, or within seventy-two hours of the commencement of such work, whichever occurs first, or

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

(7) there has been since March first, nineteen hundred fifty, a major capital improvement essential for the preservation, energy efficiency, functionality, or infrastructure of the entire building, improvement of the structure including heating, windows, plumbing and roofing, but shall not be for operational costs or unnecessary cosmetic improvements; which for any order of the commissioner issued after the effective date of ~~[the]~~ part K of chapter thirty-six of the laws of two thousand nineteen ~~[that amended this paragraph]~~ the cost of such improvement shall be amortized over a twelve-year period for buildings with thirty-five or fewer units or a twelve and one-half year period for buildings with more than thirty-five units, and shall be removed from the legal regulated rent thirty years from the date the increase became effective inclusive of any increases granted by the applicable rent guidelines board. Temporary major capital improvement increases shall be collectible prospectively on the first day of the first month beginning sixty days from the date of mailing notice of approval to the tenant. Such notice shall disclose the total monthly increase in rent and the first month in which the tenant would be required to pay the temporary increase. An approval for a temporary major capital improvement increase shall not include retroactive payments. The collection of any increase shall not exceed two percent in any year from the effective date of the order granting the increase over the rent set forth in the schedule of gross rents, with collectability of any dollar excess above said sum to be spread forward in similar increments and added to the rent as established or set in future years. Upon vacancy, the landlord may add any remaining balance of the temporary major capital improvement increase to the legal regulated rent. Notwithstanding any other provision of the law, for any renewal lease commencing on or after June 14, 2019, the collection of any rent increases due to any major capital improvements approved on or after June 16, 2012 and before June 16, 2019 shall not exceed two percent in any year for any tenant in occupancy on the date the major capital improvement was approved; provided, however, to be eligible for a temporary rent increase based upon a major capital improvement under this subparagraph, thirty days notice shall be required to be provided to tenants prior to the beginning of work on such major capital improvement; provided, however, that such thirty days notice shall not be required where the work constitutes emergency work as defined by the local housing maintenance code, building code, or other applicable local law or regulation, and where such emergency work is necessary to correct

1 an immediately hazardous condition or to prevent imminent danger to
2 life, health, or safety; provided further that in such cases the owner
3 shall provide notice to tenants as soon as permits for such emergency
4 work are pulled, or within seventy-two hours of the commencement of such
5 work, whichever occurs first; provided, however, where an application
6 for a temporary major capital improvement increase has been filed, a
7 tenant shall have sixty days from the date of mailing of a notice of a
8 proceeding in which to answer or reply. The state division of housing
9 and community renewal shall provide any responding tenant with the
10 reasons for the division's approval or denial of such application; or

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

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

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