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Introduced by Sens. MYRIE, BAILEY, BRISPORT, BROUK, CLEARE, COONEY, FERNANDEZ, GIANARIS, GONZALEZ, HINCHEY, HOYLMAN-SIGAL, JACKSON, MAY, RAMOS, RIVERA, SALAZAR, SANDERS, SEPULVEDA, SERRANO, WEBB -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development

AN ACT to amend the real property actions and proceedings law, in relation to establishing the tenant opportunity to purchase act

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

1 Section 1. Short title. This act shall be known and may be cited as
2 the "tenant opportunity to purchase act".

3 § 2. The real property actions and proceedings law is amended by
4 adding a new article 7-E to read as follows:

ARTICLE 7-E

TENANT OPPORTUNITY TO PURCHASE ACT

Section 799. Definitions.

7 799-a. Authority.

8 799-b. Applicability.

9 799-c. Exemptions.

10 799-d. Right of first refusal.

11 799-e. Tenant decision-making; tenant organizations.

12 799-f. Qualified purchasers.

13 799-g. Supportive partners.

14 799-h. Assignment of rights.

15 799-i. Waiver of rights.

16 799-j. Notice requirements.

17 799-k. Third-party purchaser rights.

18 799-l. Right to appraisal.

19 799-m. Purchase contract negotiation.

20 799-n. No selling of rights.

21
EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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- 1 799-o. Tenant protections.
- 2 799-p. Price stabilization.
- 3 799-q. Incentives.
- 4 799-r. Enforcement.
- 5 799-s. Statutory construction.
- 6 799-t. Administration and reports.

7 § 799. Definitions. For the purposes of this article, the following
8 terms shall have the following meanings:

9 1. "AMI" or "area median income" means area median income established
10 by the U.S. department of housing and urban development (HUD), pursuant
11 to 42 U.S.C. § 1427 et seq., to establish local income classification
12 levels.

13 2. "Appraised value" means the value of the rental housing accommo-
14 modation as of the date of the appraisal, based on an objective, independ-
15 ent property valuation, performed according to professional appraisal
16 industry standards.

17 3. "Bona fide offer of sale" means an offer of sale for a rental hous-
18 ing accommodation that is either:

19 (a) For a price and other material terms at least as favorable to a
20 tenant, tenant organization, and qualified purchaser as those that the
21 owner has offered, accepted, or is considering offering or accepting,
22 from a purchaser in an arm's length third-party purchase contract; or

23 (b) In the absence of an arm's length third-party purchase contract,
24 an offer of sale containing a sales price less than or equal to a price
25 and other material terms comparable to that at which a willing seller
26 and a willing buyer would sell and purchase the rental housing accommo-
27 modation, or an appraised value.

28 4. "CPI" or "consumer price index" means the consumer price index
29 published by the United States department of labor, bureau of labor
30 statistics for the northeast census region. If publication of the
31 consumer price index ceases, or if it is otherwise unavailable or is
32 altered in a way as to be unusable, DHCR shall determine the use of an
33 appropriate substitute index published by the United States department
34 of labor, bureau of labor statistics or any successor agency.

35 5. "Community land trust" means a nonprofit corporation organized
36 pursuant to section 501 (c) (3) of the U.S. Internal Revenue Code that
37 satisfies all of the following criteria:

38 (a) Such nonprofit corporation's primary purpose is the creation and
39 maintenance of permanently affordable single-family or multifamily resi-
40 dences;

41 (b) All dwellings and units on the land owned by the nonprofit corpo-
42 ration are sold to a qualified owner to be occupied as the qualified
43 owner's primary residence or rented to persons and families of low
44 income as defined in subdivision ten of section twelve of the private
45 housing finance law; and

46 (c) The land owned by the nonprofit corporation, on which a dwelling
47 or unit sold to a qualified owner is situated, is leased by such corpo-
48 ration to the qualified owner for the convenient occupation and use of
49 such dwelling or unit for a renewable term of ninety-nine years.

50 6. "Days" shall mean calendar days unless otherwise indicated.

51 7. "Governing document" means a constitution, articles, bylaws, oper-
52 ating agreement, or other writings that govern the purpose and operation
53 of a tenant organization and the rights and obligations of its members,
54 which shall include provisions on the tenant organization's decision-

1 making processes and appointing officers and other authorized agents to
2 act on its behalf.

3 8. "DHCR" means New York state division of housing and community
4 renewal, or its successor agency.

5 9. "Highest and best use" means the reasonably probable legal use of a
6 property that is physically possible, appropriately supported, and
7 financially feasible and that results in the highest value of the prop-
8 erty.

9 10. "Matter-of-right" means a land use, development density, or struc-
10 tural dimension to which a property owner is entitled by current zoning
11 regulations or law.

12 11. "Owner" means one or more persons, corporation, partnership,
13 limited liability company, trustee, or any other entity, who is the
14 owner of record of a rental housing accommodation at the time of giving
15 notice of intention to sell, and each person, corporation, partnership,
16 limited liability company, trustee, or any other entity, who, directly
17 or indirectly, owns fifty percent or more of the equity interests in
18 such rental housing accommodation at the time of giving notice of inten-
19 tion to sell. For purposes of complying with the notice requirements
20 described in this article, "owner" may refer to any person acting as an
21 authorized agent of the owner.

22 12. "Permanent affordability" means that future rents and future sales
23 prices of a rental housing accommodation, or separate ownership inter-
24 ests in such rental housing accommodation, shall be made affordable to
25 households with targeted income levels no greater than one hundred thir-
26 ty percent area median income adjusted for family size.

27 13. "Purchase contract" means a binding written agreement whereby an
28 owner agrees to sell property including, without limitation, a purchase
29 and sale agreement, contract of sale, purchase option or other similar
30 instrument.

31 14. "Qualified purchaser" means a qualified purchaser meeting the
32 criteria described in section seven hundred ninety-nine-f of this arti-
33 cle.

34 15. "Rent" shall have the same meaning as in section seven hundred two
35 of this chapter.

36 16. "Rental agreement" means an agreement, oral, written or implied,
37 between an owner and a tenant for use or occupancy of a unit and for
38 housing services.

39 17. "Rental housing accommodation" means any real property, including
40 the land appurtenant thereto, containing one or more rental units and
41 located in New York state.

42 18. "Rental unit" or "unit" means any unit in any real property,
43 including the land appurtenant thereto, that is available for rent for
44 residential use or occupancy, located in New York state, together with
45 all housing services connected with the use or occupancy of such proper-
46 ty such as common areas and recreational facilities held out for use by
47 the tenant.

48 19. "Sale" or "sell" means the transfer, in exchange for money or any
49 other thing of economic value, of a present interest in the rental hous-
50 ing accommodation, including beneficial use, where the value of the
51 present interest is the fee interest in the rental housing accommo-
52 dation, or substantially equal to the value of that fee interest. For
53 purposes of this definition, a "transfer" may include those completed in
54 one transaction or a series of transactions over a period of time.

1 20. "Supportive partner" means a "supportive partner" meeting the
2 criteria set forth in section seven hundred ninety-nine-g of this arti-
3 cle.

4 21. "Tenant" means one or more renter, tenant, subtenant, lessee, sub
5 lessee, or other person entitled to the possession, occupancy, or bene-
6 fits of a rental unit within a rental housing accommodation. "Tenant"
7 shall not include transient guests who use or occupy a unit regardless
8 of any consideration paid or exchanged by such a transient guest or any
9 tenant that previously occupied the unit prior to the current occupant.

10 22. "Tenant organization" means tenants who have organized themselves
11 as a legal entity that:

12 (a) Can acquire an interest in real property;

13 (b) Represents at least a majority of the tenant-occupied rental units
14 in a rental housing accommodation as of the date of the owner's notice
15 of intent to sell;

16 (c) Has adopted a governing document; and

17 (d) Has appointed officers and any other authorized agents specif-
18 ically designated to execute contracts or act on its behalf.

19 23. "Third-party purchaser" means any person or entity other than a
20 tenant, tenant organization, or qualified purchaser, engaged or seeking
21 to engage, in purchasing a rental housing accommodation from an owner
22 under this article.

23 24. "TOPA buyer" means a tenant, tenant organization, or qualified
24 purchaser that is purchasing or has purchased a rental housing accommo-
25 dation from an owner under this article.

26 25. "Under threat of eminent domain" refers to the commencement of the
27 process of eminent domain, including but not limited to, any formal or
28 informal contact with the owner by the government or government agents
29 regarding the potential or ongoing assertion of eminent domain, and any
30 hearings or court proceedings regarding the same.

31 § 799-a. Authority. DHCR and their designees shall be authorized to
32 enforce the provisions of this article, and for such purposes, shall
33 have the powers of a law enforcement officer. DHCR shall be authorized
34 to establish standards, policies, and procedures for the implementation
35 of the provisions of this article to further the purpose set forth in
36 this article.

37 § 799-b. Applicability. The Tenant Opportunity to Purchase Act shall
38 apply to all rental housing accommodations which contain three or more
39 rental units unless otherwise exempted by this article.

40 § 799-c. Exemptions. 1. Residential property types exempted. The
41 following residential properties shall not be considered covered proper-
42 ties for purposes of this article:

43 (a) Properties owned by the municipal, state, or federal governments.

44 (b) Properties owned by and operated as a hospital, convent, monas-
45 tery, extended care facility, convalescent home, assisted living resi-
46 dence, facilities providing housing to runaway and homeless youth or
47 young adults, college or school dormitory or any institution operated
48 for charitable, hospital or educational purposes.

49 (c) Properties properly licensed as a hotel or motel.

50 (d) Residential properties undergoing refinancing, a loan modifica-
51 tion, short sale, deed in lieu of foreclosure or any other loss-mitiga-
52 tion option in order to maintain ownership of such properties.

53 (e) Multiple dwelling units or groups of multiple dwelling units
54 managed together under the same private ownership in which the majority
55 of dwelling units therein that will continue to be subject to federal,
56 state, or city income eligibility restrictions and in which rents for

1 such dwelling units are controlled, regulated, or assisted by a federal,
2 state, or city agency pursuant to a regulatory agreement or rental
3 assistance agreement designed to make such dwelling units affordable on
4 a project-based basis. Assisted rental housing programs shall include:

5 (i) any program created, administered, or supervised by the city or
6 state under article two, four, or eleven of the private housing finance
7 law, but shall not include any multiple dwelling owned or operated by a
8 company organized under article two or four of the private housing
9 finance law that was occupied prior to January first, nineteen hundred
10 seventy-four;

11 (ii) any program providing project-based assistance under section
12 eight of the United States housing act of 1937, as amended; and

13 (iii) housing programs governed by sections 202, 207, 221, 232, 236,
14 or 811 of the federal national housing act, 12 U.S.C. 1701 et seq., as
15 amended.

16 (f) Property held in cooperative or condominium forms of ownership.

17 (g) Manufactured homes and mobile homes as defined in section two
18 hundred thirty-three of the real property law.

19 2. Transfers exempted. The following transfers shall be exempted for
20 the purposes of this article:

21 (a) An inter-vivos transfer, even when transferred in exchange for
22 consideration, between spouses, domestic partners, parent and child,
23 siblings, grandparent and grandchild.

24 (b) A transfer for consideration, by a decedent's estate to members of
25 the decedent's family if the consideration arising from the transfer
26 will pass from the decedent's estate to, or solely for the benefit of,
27 charity. For the purposes of this paragraph, the term "members of the
28 decedent's family" shall include:

29 (i) A spouse, domestic partner, parent, child, sibling, grandparent,
30 grandchild; and

31 (ii) A trust for the primary benefit of a spouse, domestic partner,
32 parent, child, sibling, grandparent, or grandchild.

33 (c) A transfer of bare legal title into a revocable trust, without
34 actual consideration for the transfer, where the transferor is the
35 current beneficiary of the trust.

36 (d) A transfer to a named beneficiary of a revocable trust by reason
37 of the death of the grantor of the revocable trust.

38 (e) A transfer pursuant to court order or court-approved settlement.

39 (f) A transfer by eminent domain or under threat of eminent domain.

40 (g) A transfer of a residential building to a tenant organization or
41 qualified purchaser pursuant to a transfer agreement in effect on the
42 effective date of this article, except that any renewal, modification,
43 or amendment of such agreement occurring on or after the effective date
44 of this article shall be subject to the provisions of this article.

45 (h) A transfer of legal title or an interest in an entity holding
46 legal title to a housing accommodation pursuant to a bona fide deed of
47 trust or mortgage, and thereafter any transfer by foreclosure sale or
48 deed in lieu of foreclosure pursuant to a bona fide deed of trust or
49 mortgage.

50 (i) A tax sale or transfer pursuant to tax foreclosure.

51 (j) A bankruptcy sale.

52 3. Exemption procedures. The owner of a rental housing accommodation,
53 or an individual, group of individuals, organization or facility which
54 believe that they are exempt under this article shall comply with proce-
55 dures that DHCR shall create for claiming such an exemption.

1 4. Voluntary election to participate. An owner whose property or
2 planned transaction is exempt from this article pursuant to sections
3 seven hundred ninety-nine-b or seven hundred ninety-nine-c of this arti-
4 cle may elect to subject their property to this article by complying
5 with procedures that DHCR shall promulgate through regulations, provided
6 that the owner who voluntarily subjects their property to this article
7 shall comply with this article in its entirety. Each tenant living in
8 such property shall be granted all of the rights described in this arti-
9 cle, including the opportunity to decide whether to exercise their right
10 of first refusal under section seven hundred ninety-nine-d of this arti-
11 cle. No owner shall be eligible for incentives described in section
12 seven hundred ninety-nine-g of this article without complying with this
13 article in its entirety.

14 § 799-d. Right of first refusal. 1. General construction. This
15 section shall be construed to confer a right of first refusal only upon
16 each tenant, tenant organization, and qualified purchaser.

17 2. Offer of sale to tenants, tenant organizations, and qualified
18 purchasers. Before an owner of a rental housing accommodation may sell
19 or accept an offer to sell a rental housing accommodation, the owner
20 shall give each tenant, tenant organization or qualified purchaser an
21 opportunity to purchase such rental housing accommodation at a price and
22 terms that represent a bona fide offer of sale.

23 (a) The owner's offer of sale shall include, at minimum:

24 (i) The asking price and terms of the sale. The terms and conditions
25 shall be consistent with the applicable timeframes described in subdivi-
26 sions three and four of this section;

27 (ii) A statement as to whether a purchase contract with a third-party
28 purchaser exists for the sale of the rental housing accommodation, and
29 if so, a copy of such purchase contract; and

30 (iii) A statement in English and at least one other language within
31 the property's census tract based on the latest United States Census,
32 stating that if the tenant requires the offer of sale in a language
33 other than English, they may contact DHCR and request the offer of sale
34 in their requested language and/or the assistance of an interpreter.

35 (b) If a tenant or tenant organization is receiving the offer of sale,
36 the owner shall deliver a written copy of the offer of sale to each
37 tenant or tenant organization by certified mail or e-mail.

38 (c) If a qualified purchaser is receiving the offer of sale, the owner
39 shall deliver the offer of sale to each qualified purchaser that previ-
40 ously made an offer to purchase the rental housing accommodation, and to
41 each tenant, by certified mail or e-mail. The owner shall submit an
42 offer of sale to each such qualified purchaser on the same day, and to
43 the extent possible, at the same time.

44 (d) If the owner has a purchase contract with a third-party purchaser
45 for the sale of the rental housing accommodation, the owner shall deliv-
46 er the offer of sale to each tenant, tenant organization or qualified
47 purchaser within two days of entering into a purchase contract with the
48 third-party purchaser.

49 (e) The owner shall also provide DHCR with a written copy of the offer
50 of sale and a statement certifying that the items described by paragraph
51 (a) of this subdivision were delivered to each tenant, tenant organiza-
52 tion, or qualified purchaser.

53 3. Time to accept offer. (a) The following procedures shall apply:

54 (i) Upon receipt of the offer of sale from the owner, a tenant organ-
55 ization shall have forty-five days to accept the offer of sale.

1 (ii) Upon receipt of the offer of sale from the owner, a qualified
2 purchaser shall have thirty days to accept the offer of sale.

3 (iii) The deadline to accept any offer of sale shall be extended as
4 necessary to allow the tenant organization or qualified purchaser to
5 exercise their right to an appraisal pursuant to section seven hundred
6 ninety-nine-1 of this article, if they believe that the offer of sale is
7 not a bona fide offer of sale.

8 (b) If, during these time periods, any qualified purchaser that has
9 received such offer of sale decides to accept the owner's offer of sale,
10 such qualified purchaser shall notify the owner and every other quali-
11 fied purchaser of such decision by e-mail or certified mail. After a
12 qualified purchaser notifies the owner of its decision to accept the
13 owner's offer of sale, meaning before any other qualified purchaser so
14 notified the owner, such qualified purchaser shall be deemed to have
15 accepted the offer of sale, and no other qualified purchaser shall
16 accept the owner's offer of sale, whether or not the time periods in
17 this subdivision have elapsed.

18 4. Time to secure financing and close. If a tenant, tenant organiza-
19 tion, or qualified purchaser accepts an owner's offer of sale in accord-
20 ance with this article, the owner shall afford such tenant, tenant
21 organization, or qualified purchaser time to secure financing and close,
22 consistent with this article.

23 5. Rejection of offer. If each tenant, each tenant organization, and
24 qualified purchaser that received an offer of sale consistent with this
25 article, rejects such offer of sale or fails to respond within the time-
26 lines described in this section, the owner may immediately proceed with
27 the sale of the rental housing accommodation to a third-party purchaser
28 consistent with the price and material terms of that offer of sale.

29 § 799-e. Tenant decision-making; tenant organizations. 1. Tenant
30 decision-making. Except in the case of a duly formed tenant organiza-
31 tion, any action required of tenants under this article shall be
32 approved by at least a majority of tenant-occupied units.

33 2. Tenant organizations. (a) In order to submit an offer and respond
34 to the owner's offer of sale pursuant to section seven hundred ninety-
35 nine-d of this article, tenants shall:

36 (i) Form a tenant organization, approved by the requirements described
37 in subdivision one of this section, unless such a tenant organization
38 already exists in a form approved by the tenants.

39 (ii) Select a supportive partner, meeting the criteria described in
40 section seven hundred ninety-nine-g of this article.

41 (iii) Deliver an application for registration of the tenant organiza-
42 tion to DHCR, and deliver a copy of such application to the owner, by
43 hand or by certified mail on or before the deadline of submitting an
44 offer of purchase pursuant to section seven hundred ninety-nine-d of
45 this article. Such application shall include:

46 (A) the name, address, and phone number of tenant officers and the
47 supportive partner;

48 (B) a copy of the formation document, as filed;

49 (C) a copy of the governing document;

50 (D) documented approval that the tenant organization represents a
51 majority under subdivision one of this section as of the time of regis-
52 tration; and

53 (E) such other information as DHCR may reasonably require.

54 (b) Tenants may form and register the tenant organization with DHCR
55 pursuant to this subdivision at any time, provided that this section

1 shall not be construed to alter the time periods within which a tenant
2 organization may exercise the rights afforded by this article.

3 (c) Upon registration with DHCR, the tenant organization shall consti-
4 tute the sole representative of the tenants for purposes of this arti-
5 cle.

6 § 799-f. Qualified purchasers. 1. Qualified purchaser criteria. DHCR
7 shall establish an administrative process for certifying qualified
8 purchasers that shall include, but not be limited to, the following
9 minimum criteria:

10 (a) The purchaser is a bona fide nonprofit, as evidenced by the fact
11 that it is exempt from federal income tax under 26 U.S.C. § 501(c)(3);

12 (b) The purchaser has demonstrated a commitment to either:

13 (i) democratic residential control, as evidenced by its ownership and
14 governance structure and relationship with residents; or

15 (ii) a commitment to community engagement, as evidenced by relation-
16 ships with neighborhood-based organizations or tenant counseling organ-
17 izations;

18 (c) The purchaser has agreed to transfer ownership of the rental hous-
19 ing accommodation to the tenants when feasible if its tenants request
20 such transfer of ownership;

21 (d) The purchaser has demonstrated a commitment to the provision of
22 affordable housing for moderate, low, very low, and extremely low income
23 New York state residents, and to prevent the displacement of such resi-
24 dents;

25 (e) The purchaser has agreed to obligate itself and any successors in
26 interest to maintain the permanent affordability of the rental housing
27 accommodation, in accordance with section seven hundred ninety-nine-p of
28 this article;

29 (f) The purchaser has demonstrated the capacity, including, but not
30 limited to, the legal and financial capacity, to effectively acquire and
31 manage residential real property in New York state;

32 (g) The purchaser has acquired or partnered with another housing
33 development organization or nonprofit organization to acquire at least
34 one residential building using any public or community funding, or has
35 entered into a written memorandum of understanding with another housing
36 development organization or nonprofit organization for the purpose of
37 partnering with a housing development organization or nonprofit organ-
38 ization to acquire residential buildings using public or community fund-
39 ing; and

40 (h) The purchaser has agreed to attend mandatory training to be deter-
41 mined, from time to time, by DHCR.

42 2. Certification, term, and renewal. Purchasers that DHCR certifies as
43 having met the criteria in subdivision one of this section shall be
44 known as "qualified purchasers". A purchaser's certification as a qual-
45 ified purchaser shall be valid for four years. DHCR shall solicit new
46 applications for qualified purchaser status at least once each calendar
47 year, at which time existing qualified purchasers shall be eligible to
48 apply for renewed certification as qualified purchasers.

49 3. Existence and publication of qualified purchasers list. DHCR shall
50 publish on its website, and make available upon request, a list of qual-
51 ified purchasers. In addition to such other information as DHCR may
52 include, such list shall include contact information for each qualified
53 purchaser. Such contact information shall include, but need not be
54 limited to, a mailing address, an e-mail address that the qualified
55 purchaser monitors regularly, and a telephone number.

1 4. Disqualification of qualified purchaser and conflicts of interest.
2 DHCR shall promptly investigate any complaint alleging that a qualified
3 purchaser has failed to comply with this section. Subject to regulations
4 promulgated by DHCR, if, after providing the qualified purchaser with
5 notice and opportunity to be heard, DHCR determines that a purchaser
6 listed as a qualified purchaser has failed to comply with this section,
7 DHCR may suspend or revoke that purchaser's certification as a qualified
8 purchaser. DHCR shall establish a process for addressing potential and
9 actual conflicts of interests that may arise among supportive partners,
10 qualified purchasers, and tenants through promulgation of regulations.

11 § 799-g. Supportive partners. 1. Supportive partner criteria. DHCR
12 shall establish an administrative process for certifying individuals or
13 organizations that meet the following minimum criteria:

14 (a) The individual or organization has demonstrated ability and capac-
15 ity to guide and support tenants in forming a tenant organization;

16 (b) The individual or organization has demonstrated ability and capac-
17 ity to assist tenants in understanding and exercising their rights under
18 this article;

19 (c) The individual or organization has demonstrated expertise, or
20 existing partnerships with other organizations with demonstrated exper-
21 tise, to counsel tenants on first-time homeownership and collective
22 ownership structures;

23 (d) The individual or organization has a demonstrated commitment to
24 creating democratic resident-controlled housing; and

25 (e) The individual or organization has agreed to attend mandatory
26 trainings, to be determined, from time to time, by DHCR.

27 2. Certification, term, and renewal. Individuals and organizations
28 that DHCR certifies as having met the criteria in subdivision one of
29 this section shall be known as "supportive partners". An individual or
30 organization's certification as a supportive partner shall be valid for
31 four years. DHCR shall solicit new applications for supportive partner
32 status at least once each calendar year, at which time existing support-
33 ive partners shall be eligible to apply for renewed certification as
34 supportive partners.

35 3. Purpose of supportive partner. A supportive partner shall function
36 in a supportive role to assist tenants in exercising their rights under
37 this article. This article shall not confer any rights to a supportive
38 partner. A supportive partner shall be distinct from a qualified
39 purchaser that is conferred subordinated rights under this article as
40 described in section seven hundred ninety-nine-g of this article. DHCR
41 may determine that a qualified purchaser described in section seven
42 hundred ninety-nine-f of this article that meets the criteria in subdivi-
43 vision one of this section shall also be eligible to serve as a support-
44 ive partner. DHCR may also serve as a supportive partner.

45 4. Existence and publication of supportive partners list. DHCR shall
46 publish on its website, and make available upon request, a list of
47 supportive partners. In addition to such other information as DHCR may
48 include, this list shall include contact information for each supportive
49 partner. Such contact information shall include, but need not be limited
50 to, a mailing address, an e-mail address that the supportive partner
51 monitors regularly, and a telephone number.

52 5. Disqualification of supportive partner and conflicts of interest.
53 DHCR shall promptly investigate any complaint alleging that a supportive
54 partner has failed to comply with this section. Subject to regulations
55 promulgated by DHCR, if, after providing the supportive partner with
56 notice and opportunity to be heard, DHCR determines that an individual

1 or organization listed as a supportive partner has failed to comply with
2 this section, DHCR may suspend or revoke such individual or organiza-
3 tion's certification as a supportive partner. DHCR shall establish a
4 process for addressing potential and actual conflicts of interests that
5 may arise among supportive partners, qualified purchasers, and tenants
6 through promulgation of regulations.

7 § 799-h. Assignment of rights. 1. A tenant or tenant organization may
8 assign rights under this section in compliance with sections seven
9 hundred ninety-nine-d and seven hundred ninety-nine-e of this article to
10 a qualified purchaser of their choice.

11 2. Subject to regulations promulgated by DHCR, the assignment of
12 rights described in this section shall occur prior to the tenant or
13 tenant organization waiving their rights pursuant to section seven
14 hundred ninety-nine-i of this article, and only during the process
15 provided in section seven hundred ninety-nine-d of this article. Except
16 as provided in section seven hundred ninety-nine-i of this article, the
17 waiver and assignment of rights shall be made in a written agreement
18 executed by the tenant or tenant organization and the qualified purchas-
19 er.

20 3. Qualified purchasers shall not accept any payment, consideration,
21 or reward in exchange for the assignment of rights under this section.

22 § 799-i. Waiver of rights. 1. Tenants may affirmatively waive their
23 rights before the time periods specified in section seven hundred nine-
24 ty-nine-d of this article elapse, by notifying the owner in writing,
25 signed by the tenants and in compliance with section seven hundred nine-
26 ty-nine-e of this article.

27 2. Tenants' failure to complete actions required under section seven
28 hundred ninety-nine-d of this article within the allotted time periods,
29 and any extensions thereof, shall be deemed an implied waiver of such
30 tenants' rights.

31 § 799-j. Notice requirements. Any notices required or permitted by
32 this article shall also comply with regulations promulgated by DHCR.
33 DHCR shall develop model notices which owners may choose to use to
34 comply with the requirements of this section and shall make such notices
35 accessible to owners, including but not limited to, posting such notices
36 on DHCR's website. Such model notice shall include a list of certified
37 qualified purchasers.

38 § 799-k. Third-party purchaser rights. The right of a third-party to
39 purchase a rental housing accommodation shall be conditional upon the
40 exercise of tenant, tenant organization, and qualified purchaser rights
41 under this article. The time periods for submitting and accepting an
42 offer, securing financing, and closing under this article shall be mini-
43 mum periods, and the owner may afford any tenant, tenant organization,
44 and qualified purchaser a reasonable extension of such period, without
45 liability under a third-party purchase contract. Owners shall be
46 responsible for alerting any third-party purchasers regarding the appli-
47 cability of the tenant's right to purchase the property. Third-party
48 purchasers shall be presumed to act with full knowledge of the rights of
49 tenants, tenant organizations, and qualified purchasers and public poli-
50 cy under this article.

51 § 799-l. Right to appraisal. 1. Right to appraisal. This section shall
52 apply whenever an offer of sale is made to a tenant, tenant organiza-
53 tion, or qualified purchasers as required by this article and the offer
54 is made in the absence of an arm's-length third-party purchase contract.

55 2. Request for appraisal. The tenant, tenant organization, or quali-
56 fied purchaser that receives an owner's offer of sale may challenge such

1 offer of sale as not being a bona fide offer of sale, and request an
2 appraisal to determine the fair market value of the rental housing
3 accommodation. The party requesting the appraisal shall be deemed the
4 "petitioner" for purposes of this section. The petitioner shall deliver
5 the written request for an appraisal to DHCR and the owner by hand or by
6 certified mail within five days of receiving the offer of sale.

7 3. Time for appraisal. Beginning with the date of receipt of a written
8 request for an appraisal, and for each day thereafter until the peti-
9 tioner receives the appraisal, the time periods described in subdivision
10 three of section seven hundred ninety-nine-d of this article shall be
11 extended by an additional time of up to ten business days.

12 4. Selection of appraiser. The petitioner shall select an appraiser
13 from a list of independent, qualified appraisers, that DHCR shall main-
14 tain. DHCR-approved appraisers shall hold an active appraiser license
15 issued by the New York state board of real estate appraisal and shall be
16 able to conduct an objective, independent property valuation, performed
17 according to professional industry standards. All appraisers shall
18 undergo training organized by DHCR before they are approved and added to
19 the DHCR's list.

20 5. Cost of appraisal. The petitioner shall be responsible for two-
21 thirds and the owner shall be responsible for one-third of the total
22 cost of the appraisal.

23 6. Appraisal procedures and standards. The owner shall give the
24 appraiser full, unfettered access to the property. The owner shall
25 respond within five days to any request for information from the
26 appraiser. The petitioner may give the appraiser information relevant to
27 the valuation of the property. The appraisal shall be completed expe-
28 ditiously according to standard industry timeframes. An appraised value
29 shall only be based on rights an owner has as a matter-of-right as of
30 the date of the alleged bona fide offer of sale, including any existing
31 right an owner may have to convert the property to another use. Within
32 the restrictions in this subdivision, an appraised value may take into
33 consideration the highest and best use of the property.

34 7. Validity of appraisal. The determination of the appraised value of
35 the rental housing accommodation, in accordance with this section, shall
36 become the sales price of the rental housing accommodation in the bona
37 fide offer of sale, unless:

38 (a) The owner and the petitioner agree upon a different sales price of
39 the rental housing accommodation; or

40 (b) The owner elects to withdraw the offer of sale altogether within
41 fourteen days of receipt of the appraisal, in which case:

42 (i) the owner shall withdraw the offer of sale by delivering a written
43 notice by hand or by certified mail to DHCR and to the petitioner;

44 (ii) upon withdrawal, the owner shall reimburse the petitioner and
45 DHCR for their share of the cost of the appraisal within fourteen days
46 of delivery of written notice of withdrawal; and

47 (iii) an owner who withdraws an offer of sale in accordance with this
48 paragraph shall be precluded from proceeding to sell the rental housing
49 accommodation to a third-party purchaser without complying with this
50 section by honoring the right of first refusal of tenants, tenant organ-
51 izations and qualified purchasers; or

52 (c) The petitioner elects to withdraw the offer of sale altogether
53 within fourteen days of receipt of the appraisal, in which case:

54 (i) the petitioner shall withdraw the offer of sale by delivering a
55 written notice by hand or by certified mail to DHCR and to the owner;
56 and

1 (ii) upon withdrawal, the petitioner shall reimburse the owner and
2 DHCR for their share of the cost of the appraisal within fourteen days
3 of delivery of written notice of withdrawal.

4 § 799-m. Purchase contract negotiation. 1. Bargaining in good faith.
5 The owner and any tenant, tenant organization, and/or qualified purchas-
6 er shall bargain in good faith regarding the terms of any offer for
7 sale. Any one of the following shall constitute prima facie evidence of
8 bargaining without good faith:

9 (a) The failure of an owner to offer a tenant, tenant organization, or
10 qualified purchaser a price and other material terms at least as favora-
11 ble as that offered to a third-party purchaser;

12 (b) Any requirement by an owner that a tenant, tenant organization, or
13 qualified purchaser waive any right under this article; or

14 (c) The intentional failure of an owner, tenant, tenant organization,
15 or qualified purchaser to comply with the provisions of this article.

16 2. Reduced price. If the owner sells or contracts to sell the rental
17 housing accommodation to a third-party purchaser for a price less than
18 the price offered to the tenant, tenant organization, or qualified
19 purchaser in the offer of sale, or for other terms, which would consti-
20 tute bargaining without good faith, the owner shall comply anew with all
21 requirements of this article, as applicable.

22 3. Termination of rights. The intentional failure of any tenant,
23 tenant organization, or qualified purchaser to comply with the
24 provisions of this article shall result in the termination of their
25 rights under this article.

26 § 799-n. No selling of rights. 1. A tenant, tenant organization, or
27 qualified purchaser shall not sell or otherwise convey any rights under
28 this article.

29 2. An owner shall not coerce a tenant or tenant organization to waive
30 their rights under this article.

31 § 799-o. Tenant protections. 1. No tenant in the rental housing accom-
32 modation, including tenants who do not exercise rights to purchase under
33 this article, shall be evicted by the TOPA buyer, for a failure to
34 purchase or for any other reason applicable to expiration of tenancy,
35 except for good cause; provided that such proceedings may be commenced
36 for non-payment of rent, illegal use or occupancy of the premises,
37 refusal of reasonable access to the owner or a similar breach by the
38 non-purchasing tenant of their obligations to the purchaser.

39 2. Should there be an expiration of the maximum allowable rent
40 provision of the state's emergency tenant protection regulations, and
41 the state's rent stabilization code, promulgated by the division of
42 housing and community renewal, TOPA buyers shall adjust the rent annual-
43 ly to allow an increase of no more than the increase in the CPI.

44 § 799-p. Price stabilization. 1. Price stabilization. A rental housing
45 accommodation purchased by a TOPA buyer under this article shall be
46 subject to permanent affordability restrictions as set forth in this
47 section and by regulations promulgated by DHCR, which shall be promul-
48 gated with the intent of fulfilling the purpose of this section.

49 2. Term. Subject to regulations promulgated by DHCR, permanent affor-
50 dability standards shall restrict the use of the rental housing accommo-
51 modation to require that permanent affordability restrictions remain in
52 force for ninety-nine years and with an option to renew at year one
53 hundred. This subdivision shall not be construed to apply only to commu-
54 nity land trusts.

55 3. Permanent affordability. In exchange for the rights conferred under
56 this section, each TOPA buyer shall agree to maintain the permanent

1 affordability of the rental housing accommodation. No TOPA buyer shall
2 be entitled to a purchase contract under this section without executing
3 an agreement with DHCR to limit the future appreciation of the rental
4 housing accommodation and only sell, or rent, to income-eligible house-
5 holds in accordance with this section, section seven hundred ninety-
6 nine-g of this article and relevant standards and exemptions created by
7 DHCR through regulation. Under such agreement, each TOPA buyer shall
8 represent to DHCR that they agree to be bound by the permanent afforda-
9 bility requirements under this section. The TOPA buyer shall deliver
10 such agreement to DHCR no later than the deadline for submitting an
11 offer provided under section seven hundred ninety-nine-d of this arti-
12 cle.

13 4. Permanent affordability standards for tenants or tenant organiza-
14 tions. For a tenant or tenant organization purchasing a rental housing
15 accommodation, permanent affordability standards created by DHCR shall:

16 (a) Restrict the resale price of the rental housing accommodation, or
17 separate ownership interests in the rental housing accommodation, by
18 limiting the annual market appreciation of the rental housing accommo-
19 dation, or separate ownership interest, to a percentage increase as
20 agreed upon by DHCR or the regulating municipal housing agency, not to
21 exceed an annual interest rate of three percent simple;

22 (b) Ensure that a unit in which a tenant determines to remain a renter
23 following a purchase under this article shall be maintained as a unit
24 subject to the requirements of section seven hundred ninety-nine-o of
25 this article, unless DHCR determines a valid exemption or alternative
26 standard should apply for such unit assisted by DHCR or other public
27 subsidy program which is subject to separate permanent affordability
28 requirements; and

29 (c) At minimum, make the restricted resale price of the rental housing
30 accommodation, or ownership interests in the rental housing accommo-
31 dation, available only to households with income at or below the average
32 AMIs of the initial TOPA buyers as of the initial purchase date of the
33 rental housing accommodation, as verified and recorded by DHCR as of the
34 initial purchase date and not to exceed one hundred percent of AMI.

35 5. Permanent affordability standards for qualified purchasers. For
36 qualified purchasers purchasing the rental housing accommodation, perma-
37 nent affordability standards created by DHCR shall:

38 (a) Restrict the resale price of the rental housing accommodation, or
39 separate ownership interests in the rental housing accommodation, by
40 limiting the annual appreciation of the rental housing accommodation, or
41 separate ownership interest, to a percentage increase as agreed upon by
42 DHCR or the regulating municipal housing agency, not to exceed an annual
43 interest rate of three percent simple;

44 (b) Ensure that a unit in which a tenant determines to remain a renter
45 following a purchase under this article shall be maintained as a unit
46 subject to the requirements of section seven hundred ninety-nine-o of
47 this article, unless DHCR determines a valid exemption or alternative
48 standard should apply for such unit assisted by DHCR or other public
49 subsidy program which is subject to separate permanent affordability
50 requirement; and

51 (c) Prioritize making vacant or vacated units in the rental housing
52 accommodation available to households with incomes at or below the aver-
53 age median income by zip code at the time of purchase but not to exceed
54 eighty percent of AMI.

55 6. Mechanism. Permanent affordability restrictions shall materialize
56 as at least one of the following:

1 (a) A restrictive covenant placed on the recorded title deed to the
2 rental housing accommodation that runs with the land and is enforceable
3 by DHCR against the TOPA buyer and its successors, and other affordabil-
4 ity restrictions in land leases or other recorded documents not specif-
5 ically listed in this subdivision, so long as DHCR determines that such
6 restrictions are enforceable and likely to be enforced such as a
7 recorded mortgage promissory note and/or regulatory agreements with
8 local housing agencies where government subsidies are involved; and

9 (b) A community land trust lease, which is a ninety-nine-year renewa-
10 ble land lease with affordability and owner-occupancy restrictions.

11 7. Required recordings and filings. (a) All covenants created in
12 accordance with section seven hundred ninety-nine-o of this article
13 shall be recorded before or simultaneously with the close of escrow in
14 the office of the county recorder where the rental housing accommodation
15 is located and shall contain a legal description of the rental housing
16 accommodation, indexed to the name of the TOPA buyer as grantee.

17 (b) Each TOPA buyer of the rental housing accommodation shall be
18 required to file a document annually with DHCR in which the TOPA buyer
19 affirmatively states the rents and share price for each unit in the
20 rental housing accommodation. DHCR may engage a third-party monitoring
21 agent to monitor the compliance of this subdivision, pursuant to DHCR
22 regulations.

23 § 799-q. Incentives. 1. Access to buyers. DHCR shall endeavor to main-
24 tain and publicize the list of qualified purchasers in a manner that, to
25 the maximum extent feasible, promotes the existence of the qualified
26 purchasers as a readily accessible pool of potential buyers for covered
27 properties. DHCR shall, to the maximum extent permitted by law and
28 otherwise feasible, publicize the existence of this list in a manner
29 intended to facilitate voluntary sales to qualified purchasers in a
30 manner that avoids or minimizes the need for a broker, other search
31 costs, or other transactions.

32 2. Partial transfer tax exemption. The tax rate shall be reduced in
33 accordance with section fourteen hundred two of the tax law with respect
34 to any deed, instrument, or writing that affects a transfer under this
35 article.

36 3. Potential federal tax benefits. Any qualified purchaser that
37 purchases a rental housing accommodation under the right of first
38 refusal set forth in section seven hundred ninety-nine-d of this article
39 shall, to the maximum extent permitted by law and otherwise feasible, be
40 obliged to work with the owner in good faith to facilitate an exchange
41 of real property of the kind described in 26 U.S.C. § 1031, for the
42 purpose of facilitating the owner's realization of any federal tax bene-
43 fits available under that section of the internal revenue code.

44 4. Information to owners. DHCR shall produce an information sheet
45 describing the benefits of an owner's decision to accept a tenants' or
46 qualified purchaser's offer of purchase made in connection with the
47 right of first refusal established in this article. DHCR shall make
48 this information sheet accessible to owners and buyers by publication on
49 DHCR's website.

50 § 799-r. Enforcement. 1. Powers and duties of DHCR. DHCR shall be
51 authorized to take all appropriate action, including but not limited to
52 the actions specified in section seven hundred ninety-nine-a of this
53 article, to implement and enforce this article.

54 2. Implementation. (a) DHCR shall promulgate rules and regulations
55 consistent with this article.

1 (b) DHCR shall adopt regulations to implement a petition and hearing
2 procedure for administering the enforcement of this article.

3 (c) DHCR shall establish and make available standard documents to
4 assist owners, tenants, tenant organizations, and qualified purchasers
5 in complying with the requirements of this article through an online
6 portal, provided that use of such documents does not necessarily estab-
7 lish compliance.

8 (d) Owner certification and disclosures. Every owner of a residential
9 property in the state shall, within fifteen days of the sale of such
10 residential property, submit to DHCR a signed declaration, under penalty
11 of perjury, affirming that the sale of such residential property
12 complied with the requirements of this article. Such declaration shall
13 include the address of the relevant residential property and the name of
14 each new owner of the rental housing accommodation. DHCR shall publish
15 all such addresses on its website. Failure to file a declaration
16 required by this paragraph shall result in the penalty described in
17 subparagraph (i) of paragraph (b) of subdivision three of this section.

18 3. Enforcement. (a) Civil action. Any party may seek enforcement of
19 any right or provision under this article through a civil action filed
20 with a court of competent jurisdiction and, upon prevailing, shall be
21 entitled to remedies, including those described in paragraph (b) of this
22 subdivision.

23 (b) Penalties and remedies.

24 (i) Civil penalties. An owner who willfully or knowingly violates any
25 provision of this article shall be subject to a cumulative civil penalty
26 imposed by DHCR in the amount of up to one thousand dollars per day, per
27 tenant-occupied unit in a rental housing accommodation, for each day
28 from the date the violation began until the requirements of this article
29 are satisfied, payable to the New York housing trust fund.

30 (ii) Legal remedies. Remedies in civil action brought under this
31 section shall include the following, which may be imposed cumulatively:

32 (A) Damages in an amount sufficient to remedy the harm to the plain-
33 tiff;

34 (B) In the event that an owner sells a rental housing accommodation
35 without complying with the requirements of this article, and if the
36 owner's violation of this article was knowing or willful, mandatory
37 civil penalties in an amount proportional to the culpability of the
38 owner and the value of the rental housing accommodation. There shall be
39 a rebuttable presumption that this amount is equal to ten percent of the
40 sale price of the rental housing accommodation for a willful or knowing
41 violation of this article, twenty percent of the sale price for a second
42 willful or knowing violation, and thirty percent of the sale price for
43 each subsequent willful or knowing violation. Civil penalties assessed
44 under this paragraph shall be payable to the New York housing trust
45 fund; and

46 (C) Reasonable attorneys' fees.

47 (iii) Equitable remedies. In addition to any other remedy or enforce-
48 ment measure that a tenant, tenant organization, qualified purchaser, or
49 DHCR may seek under this section, any court of competent jurisdiction
50 may enjoin any sale or other action of an owner that would be made in
51 violation of this article.

52 § 799-s. Statutory construction. The purpose of this article shall be
53 to prevent the displacement of lower-income tenants in New York and to
54 preserve affordable housing by providing an opportunity for tenants to
55 own or remain renters in the properties in which tenants reside as
56 provided in this article. If a court finds ambiguity and there is any

1 reasonable interpretation of this article that favors the rights of the
2 tenant, then the court shall resolve ambiguity toward the end of
3 strengthening the legal rights of the tenant or tenant organization to
4 the maximum extent permissible under law.

5 § 799-t. Administration and reports. 1. DHCR shall report annually on
6 the status of the tenant opportunity to purchase act program to the
7 legislature or to such legislative committee as the legislature may
8 designate. Such reports shall include, but shall not be limited to the
9 following:

10 (a) Statistics on the number and types of sales of tenant occupied
11 properties;

12 (b) Statistics on the number of tenants and qualified purchasers that
13 invoke action under this article;

14 (c) Number and types of units covered by this article; and

15 (d) Any other information the legislature or legislative committee may
16 request.

17 2. DHCR shall make available translation services in languages other
18 than English, where requested in advance by a tenant, tenant organiza-
19 tion, qualified purchaser, owner, or member of the public as it relates
20 to TOPA, to interpret and translate documents and procedures as needed.

21 § 3. Severability clause. If any clause, sentence, paragraph, subdivi-
22 sion, section or part of this act shall be adjudged by any court of
23 competent jurisdiction to be invalid, such judgment shall not affect,
24 impair, or invalidate the remainder thereof, but shall be confined in
25 its operation to the clause, sentence, paragraph, subdivision, section
26 or part thereof directly involved in the controversy in which such
27 judgement shall have been rendered. It is hereby declared to be the
28 intent of th legislature that this act would have been enacted even if
29 such invalid provisions had not been included herein.

30 § 4. This act shall take effect on the one hundred eightieth day after
31 it shall have become a law. Effective immediately, the addition, amend-
32 ment and/or repeal of any rule or regulation necessary for the implemen-
33 tation of this act on its effective date are authorized to be made and
34 completed on or before such effective date.