

# STATE OF NEW YORK

4217

2025-2026 Regular Sessions

## IN SENATE

February 3, 2025

Introduced by Sens. PARKER, SEPULVEDA -- 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 administrative code of the city of New York, the  
emergency tenant protection act of nineteen seventy-four and the emer-  
gency housing rent control law, in relation to requiring the state  
division of housing and community renewal to verify there are no hous-  
ing code violations prior to authorizing a rent increase for major  
capital improvements

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

1 Section 1. Paragraph 1 of subdivision g of section 26-405 of the  
2 administrative code of the city of New York is amended by adding a new  
3 subparagraph (p) to read as follows:

4 (p) Adjustments made pursuant to subparagraph (g) of this paragraph  
5 shall be collectible upon the landlord's filing of a report with the  
6 city rent agency, subject to the provisions of subparagraph (e) of para-  
7 graph two of subdivision a of this section and verification by the city  
8 rent agency, in collaboration with local authorities responsible for  
9 inspecting buildings, that the applicant does not have more than thirty  
10 class A housing code violations or a class B or C housing code violation  
11 on the property. Outstanding housing code violations that are found  
12 shall be cleared, corrected or abated by the landlord and verified by  
13 the city rent agency prior to authorization of a rent increase under  
14 subparagraph (g) of this paragraph.

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

19 (6) provides criteria whereby the commissioner may act upon applica-  
20 tions by owners for increases in excess of the level of fair rent

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

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1 increase established under this law provided, however, that such crite-  
2 ria shall provide (a) as to hardship applications, for a finding that  
3 the level of fair rent increase is not sufficient to enable the owner to  
4 maintain approximately the same average annual net income (which shall  
5 be computed without regard to debt service, financing costs or manage-  
6 ment fees) for the three year period ending on or within six months of  
7 the date of an application pursuant to such criteria as compared with  
8 annual net income, which prevailed on the average over the period nine-  
9 teen hundred sixty-eight through nineteen hundred seventy, or for the  
10 first three years of operation if the building was completed since nine-  
11 teen hundred sixty-eight or for the first three fiscal years after a  
12 transfer of title to a new owner provided the new owner can establish to  
13 the satisfaction of the commissioner that [~~he or she~~] such new owner  
14 acquired title to the building as a result of a bona fide sale of the  
15 entire building and that the new owner is unable to obtain requisite  
16 records for the fiscal years nineteen hundred sixty-eight through nine-  
17 teen hundred seventy despite diligent efforts to obtain same from prede-  
18 cessors in title and further provided that the new owner can provide  
19 financial data covering a minimum of six years under [~~his or her~~] their  
20 continuous and uninterrupted operation of the building to meet the three  
21 year to three year comparative test periods herein provided; and (b) as  
22 to completed building-wide major capital improvements, for a finding  
23 that such improvements are deemed depreciable under the Internal Revenue  
24 Code and that the cost is to be amortized over a twelve-year period for  
25 a building with thirty-five or fewer housing accommodations, or a twelve  
26 and one-half-year period for a building with more than thirty-five hous-  
27 ing accommodations, for any determination issued by the division of  
28 housing and community renewal after the effective date of the the chap-  
29 ter of the laws of two thousand nineteen that amended this paragraph and  
30 shall be removed from the legal regulated rent thirty years from the  
31 date the increase became effective inclusive of any increases granted by  
32 the applicable rent guidelines board. Temporary major capital improve-  
33 ment increases shall be collectible prospectively on the first day of  
34 the first month beginning sixty days from the date of mailing notice of  
35 approval to the tenant. Such notice shall disclose the total monthly  
36 increase in rent and the first month in which the tenant would be  
37 required to pay the temporary increase. An approval for a temporary  
38 major capital improvement increase shall not include retroactive  
39 payments. The collection of any increase shall not exceed two percent in  
40 any year from the effective date of the order granting the increase over  
41 the rent set forth in the schedule of gross rents, with collectability  
42 of any dollar excess above said sum to be spread forward in similar  
43 increments and added to the rent as established or set in future years.  
44 Upon vacancy, the landlord may add any remaining balance of the tempo-  
45 rary major capital improvement increase to the legal regulated rent.  
46 Notwithstanding any other provision of the law, for any renewal lease  
47 commencing on or after June 14, 2019, the collection of any rent  
48 increases due to any major capital improvements approved on or after  
49 June 16, 2012 and before June 16, 2019 shall not exceed two percent in  
50 any year for any tenant in occupancy on the date the major capital  
51 improvement was approved or based upon cash purchase price exclusive of  
52 interest or service charges. The division of housing and community  
53 renewal shall require the submission of a report by landlords applying  
54 for a rent increase for major capital improvements pursuant to this  
55 paragraph and subject to verification by the division of housing and  
56 community renewal, in collaboration with local authorities responsible

1 for inspecting buildings, certifying that there are not more than thirty  
2 class A housing code violations nor a class B or C housing code  
3 violation on the property, prior to receiving approval for such rent  
4 increase. Where an application for a temporary major capital improvement  
5 increase has been filed, a tenant shall have sixty days from the date of  
6 mailing of a notice of a proceeding in which to answer or reply. The  
7 state division of housing and community renewal shall provide any  
8 responding tenant with the reasons for the division's approval or denial  
9 of such application. Notwithstanding anything to the contrary contained  
10 herein, no hardship increase granted pursuant to this paragraph shall,  
11 when added to the annual gross rents, as determined by the commissioner,  
12 exceed the sum of, (i) the annual operating expenses, (ii) an allowance  
13 for management services as determined by the commissioner, (iii) actual  
14 annual mortgage debt service (interest and amortization) on its indebt-  
15 edness to a lending institution, an insurance company, a retirement fund  
16 or welfare fund which is operated under the supervision of the banking  
17 or insurance laws of the state of New York or the United States, and  
18 (iv) eight and one-half percent of that portion of the fair market value  
19 of the property which exceeds the unpaid principal amount of the mort-  
20 gage indebtedness referred to in subparagraph (iii) of this paragraph.  
21 Fair market value for the purposes of this paragraph shall be six times  
22 the annual gross rent. The collection of any increase in the stabilized  
23 rent for any apartment pursuant to this paragraph shall not exceed six  
24 percent in any year from the effective date of the order granting the  
25 increase over the rent set forth in the schedule of gross rents, with  
26 collectability of any dollar excess above said sum to be spread forward  
27 in similar increments and added to the stabilized rent as established or  
28 set in future years;

29 § 3. Subdivision d of section 6 of section 4 of chapter 576 of the  
30 laws of 1974, constituting the emergency tenant protection act of nine-  
31 teen seventy-four, is amended by adding a new paragraph 6 to read as  
32 follows:

33 (6) adjustments made pursuant to paragraph (3) of this subdivision  
34 shall be collectable upon the landlord's filing of a report with the  
35 state division of housing and community renewal and subject to verifica-  
36 tion by the state division of housing and community renewal, in collab-  
37 oration with local authorities responsible for inspecting buildings,  
38 that the applicant does not have more than thirty class A housing code  
39 violations or a class B or C housing code violation on the property.  
40 Outstanding housing code violations that are found shall be cleared,  
41 corrected or abated by the landlord and verified by the state division  
42 of housing and community renewal prior to authorization of a rent  
43 increase under paragraph (3) of this subdivision.

44 § 4. The second undesignated paragraph of paragraph (a) of subdivision  
45 4 of section 4 of chapter 274 of the laws of 1946, constituting the  
46 emergency housing rent control law, as amended by section 25 of part B  
47 of chapter 97 of the laws of 2011, subparagraph 5 as amended by section  
48 7 of part FF of chapter 56 of the laws of 2024, subparagraph 7 as sepa-  
49 rately amended by section 25 of part Q of chapter 39 and section 14 of  
50 part K of chapter 36 and subparagraph 8 as amended by section 8 of part  
51 K of chapter 36 of the laws of 2019, is amended to read as follows:

52 No application for adjustment of maximum rent based upon a sales price  
53 valuation shall be filed by the landlord under this subparagraph prior  
54 to six months from the date of such sale of the property. In addition,  
55 no adjustment ordered by the commission based upon such sales price  
56 valuation shall be effective prior to one year from the date of such

1 sale. Where, however, the assessed valuation of the land exceeds four  
2 times the assessed valuation of the buildings thereon, the commission  
3 may determine a valuation of the property equal to five times the equal-  
4 ized assessed valuation of the buildings, for the purposes of this  
5 subparagraph. The commission may make a determination that the valuation  
6 of the property is an amount different from such equalized assessed  
7 valuation where there is a request for a reduction in such assessed  
8 valuation currently pending; or where there has been a reduction in the  
9 assessed valuation for the year next preceding the effective date of the  
10 current assessed valuation in effect at the time of the filing of the  
11 application. Net annual return shall be the amount by which the earned  
12 income exceeds the operating expenses of the property, excluding mort-  
13 gage interest and amortization, and excluding allowances for obsoles-  
14 cence and reserves, but including an allowance for depreciation of two  
15 per centum of the value of the buildings exclusive of the land, or the  
16 amount shown for depreciation of the buildings in the latest required  
17 federal income tax return, whichever is lower; provided, however, that  
18 (1) no allowance for depreciation of the buildings shall be included  
19 where the buildings have been fully depreciated for federal income tax  
20 purposes or on the books of the owner; or (2) the landlord who owns no  
21 more than four rental units within the state has not been fully compen-  
22 sated by increases in rental income sufficient to offset unavoidable  
23 increases in property taxes, fuel, utilities, insurance and repairs and  
24 maintenance, excluding mortgage interest and amortization, and excluding  
25 allowances for depreciation, obsolescence and reserves, which have  
26 occurred since the federal date determining the maximum rent or the date  
27 the property was acquired by the present owner, whichever is later; or  
28 (3) the landlord operates a hotel or rooming house or owns a cooperative  
29 apartment and has not been fully compensated by increases in rental  
30 income from the controlled housing accommodations sufficient to offset  
31 unavoidable increases in property taxes and other costs as are allocable  
32 to such controlled housing accommodations, including costs of operation  
33 of such hotel or rooming house, but excluding mortgage interest and  
34 amortization, and excluding allowances for depreciation, obsolescence  
35 and reserves, which have occurred since the federal date determining the  
36 maximum rent or the date the landlord commenced the operation of the  
37 property, whichever is later; or (4) the landlord and tenant voluntarily  
38 enter into a valid written lease in good faith with respect to any hous-  
39 ing accommodation, which lease provides for an increase in the maximum  
40 rent not in excess of fifteen per centum and for a term of not less than  
41 two years, except that where such lease provides for an increase in  
42 excess of fifteen per centum, the increase shall be automatically  
43 reduced to fifteen per centum; or (5) the landlord and tenant by mutual  
44 voluntary written informed agreement agree to a substantial increase or  
45 decrease in dwelling space, furniture, furnishings or equipment provided  
46 in the housing accommodations; provided that an owner shall be entitled  
47 to a rent increase where there has been a substantial modification or  
48 increase of dwelling space, or installation of new equipment or improve-  
49 ments or new furniture or furnishings provided in or to a tenant's hous-  
50 ing accommodation. The increase in the maximum rent for the affected  
51 housing accommodation shall be one-one hundred sixty-eighth, in the case  
52 of a building with thirty-five or fewer housing accommodations, or one-  
53 one hundred eightieth, in the case of a building with more than thirty-  
54 five housing accommodations where such increase takes effect on or after  
55 the effective date of the chapter of the laws of two thousand nineteen  
56 that amended this subparagraph, of the total actual cost incurred by the

1 landlord up to thirty thousand dollars in providing such reasonable and  
2 verifiable modification or increase in dwelling space, furniture,  
3 furnishings, or equipment, including the cost of installation but  
4 excluding finance charges and any costs that exceed reasonable costs  
5 established by rules and regulations promulgated by the division of  
6 housing and community renewal. Such rules and regulations shall include:  
7 (i) requirements for work to be done by licensed contractors and a  
8 prohibition on common ownership between the landlord and the contractor  
9 or vendor; and (ii) a requirement that the owner resolve within the  
10 dwelling space all outstanding hazardous or immediately hazardous  
11 violations of the uniform fire prevention and building code (Uniform  
12 Code), New York city fire code, or New York city building and housing  
13 maintenance codes, if applicable. Provided further that an owner who is  
14 entitled to a rent increase pursuant to this clause shall not be enti-  
15 tled to a further rent increase based upon the installation of similar  
16 equipment, or new furniture or furnishings within the useful life of  
17 such new equipment, or new furniture or furnishings. Provided further  
18 that the recoverable costs incurred by the landlord, pursuant to this  
19 subparagraph, shall be limited to an aggregate cost of thirty thousand  
20 dollars in a fifteen year period beginning with the first individual  
21 apartment improvement on or after June fourteenth, two thousand nine-  
22 teen. The owner shall give written notice to the commission of any such  
23 adjustment pursuant to this clause; or (6) there has been, since March  
24 first, nineteen hundred fifty, an increase in the rental value of the  
25 housing accommodations as a result of a substantial rehabilitation of  
26 the building or housing accommodation therein which materially adds to  
27 the value of the property or appreciably prolongs its life, excluding  
28 ordinary repairs, maintenance and replacements; or (7) there has been  
29 since March first, nineteen hundred fifty, a major capital improvement  
30 essential for the preservation, energy efficiency, functionality, or  
31 infrastructure of the entire building, improvement of the structure  
32 including heating, windows, plumbing and roofing, but shall not be for  
33 operational costs or unnecessary cosmetic improvements; which for any  
34 order of the commissioner issued after the effective date of the chapter  
35 of the laws of two thousand nineteen that amended this paragraph the  
36 cost of such improvement shall be amortized over a twelve-year period  
37 for buildings with thirty-five or fewer units or a twelve and one-half  
38 year period for buildings with more than thirty-five units, and shall be  
39 removed from the legal regulated rent thirty years from the date the  
40 increase became effective inclusive of any increases granted by the  
41 applicable rent guidelines board. Temporary major capital improvement  
42 increases shall be collectible prospectively on the first day of the  
43 first month beginning sixty days from the date of mailing notice of  
44 approval to the tenant. Such notice shall disclose the total monthly  
45 increase in rent and the first month in which the tenant would be  
46 required to pay the temporary increase. An approval for a temporary  
47 major capital improvement increase shall not include retroactive  
48 payments. The collection of any increase shall not exceed two percent in  
49 any year from the effective date of the order granting the increase over  
50 the rent set forth in the schedule of gross rents, with collectability  
51 of any dollar excess above said sum to be spread forward in similar  
52 increments and added to the rent as established or set in future years.  
53 Upon vacancy, the landlord may add any remaining balance of the tempo-  
54 rary major capital improvement increase to the legal regulated rent.  
55 Notwithstanding any other provision of the law, for any renewal lease  
56 commencing on or after June 14, 2019, the collection of any rent

1 increases due to any major capital improvements approved on or after  
2 June 16, 2012 and before June 16, 2019 shall not exceed two percent in  
3 any year for any tenant in occupancy on the date the major capital  
4 improvement was approved; provided, however, where an application for a  
5 temporary major capital improvement increase has been filed, a tenant  
6 shall have sixty days from the date of mailing of a notice of a proceed-  
7 ing in which to answer or reply. The state division of housing and  
8 community renewal shall provide any responding tenant with the reasons  
9 for the division's approval or denial of such application; or (8) there  
10 has been since March first, nineteen hundred fifty, in structures  
11 containing more than four housing accommodations, other improvements  
12 made with the express informed consent of the tenants in occupancy of at  
13 least seventy-five per centum of the housing accommodations, provided,  
14 however, that no adjustment granted hereunder shall exceed two per  
15 centum unless the tenants have agreed to a higher percentage of  
16 increase, as herein provided; **or** (9) there has been, since March first,  
17 nineteen hundred fifty, a subletting without written consent from the  
18 landlord or an increase in the number of adult occupants who are not  
19 members of the immediate family of the tenant, and the landlord has not  
20 been compensated therefor by adjustment of the maximum rent by lease or  
21 order of the commission or pursuant to the federal act; or (10) the  
22 presence of unique or peculiar circumstances materially affecting the  
23 maximum rent has resulted in a maximum rent which is substantially lower  
24 than the rents generally prevailing in the same area for substantially  
25 similar housing accommodations. Adjustments made pursuant to subpara-  
26 graph (7) of this paragraph shall be collectible upon the landlord's  
27 filing of a report with the commission and subject to verification by  
28 the commission, in collaboration with local authorities responsible for  
29 inspecting buildings, that the applicant does not have more than thirty  
30 class A housing code violations or a class B or C housing code violation  
31 on the property. Outstanding housing code violations that are found  
32 shall be cleared, corrected or abated by the landlord and verified by  
33 the commission prior to authorization of a rent increase under subpara-  
34 graph (7) of this paragraph.

35 § 5. This act shall take effect on the sixtieth 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 the rent stabilization law of  
44 nineteen hundred sixty-nine made by section two of this act shall expire  
45 on the same date as such law expires and shall not affect the expiration  
46 of such law as provided under section 26-520 of such law, as from time  
47 to time amended.