

# STATE OF NEW YORK

1886

2025-2026 Regular Sessions

## IN ASSEMBLY

January 14, 2025

Introduced by M. of A. ROSENTHAL, RAGA, TAYLOR -- read once and referred to the Committee on Housing

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 inspection of major capital improvements for which rent increases are requested and in relation to extending the provisions of the rent stabilization law

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

1 Section 1. Subparagraph (g) of paragraph 1 of subdivision g of section  
2 26-405 of the administrative code of the city of New York, as amended by  
3 section 27 of part Q of chapter 39 of the laws of 2019, is amended to  
4 read as follows:  
5 (g) There has been since July first, nineteen hundred seventy, a major  
6 capital improvement essential for the preservation energy efficiency,  
7 functionality, or infrastructure of the entire building, improvement of  
8 the structure including heating, windows, plumbing and roofing but shall  
9 not be for operational costs or unnecessary cosmetic improvements. The  
10 temporary increase based upon a major capital improvement under this  
11 subparagraph for any order of the commissioner issued after [~~the effective date of the chapter of the laws of two thousand nineteen that amended this subparagraph~~] June 14, 2019 shall be in an amount sufficient to amortize the cost of the improvements pursuant to this subparagraph [~~g~~] over a twelve-year period for buildings with thirty-five or  
16 fewer units or a twelve and one-half year period for buildings with more  
17 than thirty-five units, and shall be removed from the legal regulated  
18 rent thirty years from the date the increase became effective inclusive  
19 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  
21 date of mailing notice of approval to the tenant. Such notice shall  
22

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

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1 disclose the total monthly increase in rent and the first month in which  
2 the tenant would be required to pay the temporary increase. An approval  
3 for a temporary major capital improvement increase shall not include  
4 retroactive payments. The collection of any increase shall not exceed  
5 two percent in any year from the effective date of the order granting  
6 the increase over the rent set forth in the schedule of gross rents,  
7 with collectability of any dollar excess above said sum to be spread  
8 forward in similar increments and added to the rent as established or  
9 set in future years. Upon vacancy, the landlord may add any remaining  
10 balance of the temporary major capital improvement increase to the legal  
11 regulated rent. No landlord shall deny access to a professional engi-  
12 neer licensed to practice in the state of New York or a registered  
13 architect licensed to practice in the state of New York hired by any  
14 tenant, tenants or tenant association representing tenants for the  
15 purpose of conducting an inspection of a major capital improvement for  
16 which an application for adjustment of maximum rent has been filed. Such  
17 inspection shall be conducted after notice to the landlord and during  
18 normal business hours. Such tenant may file the report of the inspection  
19 with the city rent agency for consideration in the determination of such  
20 application. Notwithstanding any other provision of the law, for any  
21 renewal lease commencing on or after June 14, 2019, the collection of  
22 any rent increases due to any major capital improvements approved on or  
23 after June 16, 2012 and before June 16, 2019 shall not exceed two  
24 percent in any year for any tenant in occupancy on the date the major  
25 capital improvement was approved, or

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

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

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

1 percent in any year from the effective date of the order granting the  
2 increase over the rent set forth in the schedule of gross rents, with  
3 collectability of any dollar excess above said sum to be spread forward  
4 in similar increments and added to the stabilized rent as established or  
5 set in future years;

6 § 3. Paragraph 3 of subdivision d of section 6 of section 4 of chapter  
7 576 of the laws of 1974, constituting the emergency tenant protection  
8 act of nineteen seventy-four, as amended by section 26 of part Q of  
9 chapter 39 of the laws of 2019, is amended to read as follows:

10 (3) there has been since January first, nineteen hundred seventy-four  
11 a major capital improvement essential for the preservation, energy effi-  
12 ciency, functionality, or infrastructure of the entire building,  
13 improvement of the structure including heating, windows, plumbing and  
14 roofing, but shall not be for operation costs or unnecessary cosmetic  
15 improvements. An adjustment under this paragraph shall be in an amount  
16 sufficient to amortize the cost of the improvements pursuant to this  
17 paragraph over a twelve-year period for a building with thirty-five or  
18 fewer housing accommodations, or a twelve and one-half period for a  
19 building with more than thirty-five housing accommodations and shall be  
20 removed from the legal regulated rent thirty years from the date the  
21 increase became effective inclusive of any increases granted by the  
22 applicable rent guidelines board, for any determination issued by the  
23 division of housing and community renewal after ~~[the effective date of~~  
24 ~~the chapter of the laws of two thousand nineteen that amended this para-~~  
25 ~~graph]~~ June 14, 2019. Temporary major capital improvement increases  
26 shall be collectable prospectively on the first day of the first month  
27 beginning sixty days from the date of mailing notice of approval to the  
28 tenant. Such notice shall disclose the total monthly increase in rent  
29 and the first month in which the tenant would be required to pay the  
30 temporary increase. An approval for a temporary major capital improve-  
31 ment increase shall not include retroactive payments. The collection of  
32 any increase shall not exceed two percent in any year from the effective  
33 date of the order granting the increase over the rent set forth in the  
34 schedule of gross rents, with collectability of any dollar excess above  
35 said sum to be spread forward in similar increments and added to the  
36 rent as established or set in future years. Upon vacancy, the landlord  
37 may add any remaining balance of the temporary major capital improvement  
38 increase to the legal regulated rent. No landlord shall deny access to  
39 a professional engineer licensed to practice in the state of New York or  
40 a registered architect licensed to practice in the state of New York  
41 hired by any tenant, tenants or tenant association representing tenants  
42 for the purpose of conducting an inspection of a major capital improve-  
43 ment for which an application for adjustment of maximum rent has been  
44 filed. Such inspection shall be conducted after notice to the landlord  
45 and during normal business hours. Such tenant may file the report of the  
46 inspection with the state division of housing and community renewal for  
47 consideration in the determination of such application. Notwithstanding  
48 any other provision of the law, the collection of any rent increases for  
49 any renewal lease commencing on or after June 14, 2019, due to any major  
50 capital improvements approved on or after June 16, 2012 and before June  
51 16, 2019 shall not exceed two percent in any year for any tenant in  
52 occupancy on the date the major capital improvement was approved, or

53 § 4. Subparagraph 7 of the second undesignated paragraph of para-  
54 graph (a) of subdivision 4 of section 4 of chapter 274 of the laws  
55 of 1946, constituting the emergency housing rent control law as sepa-

1 rately amended by section 14 of part K of chapter 36 and section 25 of  
2 part Q of chapter 39 of the laws of 2019, is amended to read as follows:

3 (7) there has been since March first, nineteen hundred fifty, a major  
4 capital improvement essential for the preservation, energy efficiency,  
5 functionality, or infrastructure of the entire building, improvement of  
6 the structure including heating, windows, plumbing and roofing, but  
7 shall not be for operational costs or unnecessary cosmetic improvements;  
8 which for any order of the commissioner issued after [~~the effective date~~  
9 ~~of the chapter of the laws of two thousand nineteen that amended this~~  
10 ~~paragraph~~] June 14, 2019 the cost of such improvement shall be amortized  
11 over a twelve-year period for buildings with thirty-five or fewer units  
12 or a twelve and one-half year period for buildings with more than thirty-  
13 ty-five units, and shall be removed from the legal regulated rent thirty  
14 years from the date the increase became effective inclusive of any  
15 increases granted by the applicable rent guidelines board. Temporary  
16 major capital improvement increases shall be collectible prospectively  
17 on the first day of the first month beginning sixty days from the date  
18 of mailing notice of approval to the tenant. Such notice shall disclose  
19 the total monthly increase in rent and the first month in which the  
20 tenant would be required to pay the temporary increase. An approval for  
21 a temporary major capital improvement increase shall not include retro-  
22 active payments. The collection of any increase shall not exceed two  
23 percent in any year from the effective date of the order granting the  
24 increase over the rent set forth in the schedule of gross rents, with  
25 collectability of any dollar excess above said sum to be spread forward  
26 in similar increments and added to the rent as established or set in  
27 future years. Upon vacancy, the landlord may add any remaining balance  
28 of the temporary major capital improvement increase to the legal regu-  
29 lated rent. No landlord shall deny access to a professional engineer  
30 licensed to practice in the state of New York or a registered architect  
31 licensed to practice in the state of New York hired by any tenant,  
32 tenants or tenant association representing tenants for the purpose of  
33 conducting an inspection of a major capital improvement for which an  
34 application for adjustment of maximum rent has been filed. Such  
35 inspection shall be conducted after notice to the landlord and during  
36 normal business hours. Such tenant may file the report of the inspection  
37 with the state division of housing and community renewal for consider-  
38 ation in the determination of such application. Notwithstanding any  
39 other provision of the law, for any renewal lease commencing on or after  
40 June 14, 2019, the collection of any rent increases due to any major  
41 capital improvements approved on or after June 16, 2012 and before June  
42 16, 2019 shall not exceed two percent in any year for any tenant in  
43 occupancy on the date the major capital improvement was approved;  
44 provided, however, where an application for a temporary major capital  
45 improvement increase has been filed, a tenant shall have sixty days from  
46 the date of mailing of a notice of a proceeding in which to answer or  
47 reply. The state division of housing and community renewal shall provide  
48 any responding tenant with the reasons for the division's approval or  
49 denial of such application; or

50 § 5. This act shall take effect on the one hundred twentieth day  
51 after it shall have become a law; provided, however, that the amendments  
52 to section 26-405 of the city rent and rehabilitation law made by  
53 section one of this act shall remain in full force and effect only so  
54 long as the public emergency requiring the regulation and control of  
55 residential rents and evictions continues, as provided in subdivision 3  
56 of section 1 of the local emergency housing rent control act; and

1 provided further that the amendments to section 26-511 of the rent  
2 stabilization law of nineteen hundred sixty-nine made by section two of  
3 this act shall expire on the same date as such law expires and shall not  
4 affect the expiration of such law as provided under section 26-520 of  
5 such law. Effective immediately, the addition, amendment and/or repeal  
6 of any rule and regulation necessary for the implementation of this act  
7 on its effective date are authorized to be made on or before such effec-  
8 tive date.