STATE OF NEW YORK

2433--A

Cal. No. 634

2025-2026 Regular Sessions

IN SENATE

January 17, 2025

Introduced by Sens. KRUEGER, CLEARE, GONZALEZ, GOUNARDES, HOYLMAN-SIGAL, JACKSON, LIU, MAYER, MYRIE, PARKER, RAMOS, RIVERA, SCARCELLA-SPANTON, STAVISKY -- read twice and ordered printed, and when printed to be committed to the Committee on Judiciary -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the real property law, the emergency tenant protection act of nineteen seventy-four, and the administrative code of the city of New York, in relation to establishing certain rights upon expiration of leases for ground lease residential cooperative apartment buildings

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

Section 1. Section 233-c of the real property law is amended by adding three new subdivisions 3, 4, and 5 to read as follows:

3. (a) Within ten days of the expiration or termination of a subject residential cooperative ground lease, the ground lease residential cooperative shall initiate the process to dissolve the ground lease residential cooperative as prescribed by the applicable laws under which the ground lease residential cooperative was formed.

(b) Upon deconversion, residents entitled to occupancy in such ground lease residential cooperative immediately prior to the deconversion shall be deemed to be tenants. The subject ground lease owners shall offer such tenants rental leases pursuant to the emergency tenant protection act of nineteen seventy-four, the rent stabilization law of nineteen sixty-nine and any regulations, rules and policies enacted pursuant thereto or the good cause eviction law of article six-A of this chapter, as applicable to the building.

4. (a) If any subject residential cooperative ground lease does not contain express provisions prohibiting a ground lease residential coop-

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

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erative from encumbering its interest in a subject residential cooperative ground lease, a ground lease residential cooperative may encumber up to and including its entire interest in such subject residential cooperative ground lease. If such subject residential cooperative ground lease contains provisions restricting the ground lease residential cooperative's ability to encumber its interest, the ground lease residential cooperative shall obtain the subject ground lease owner's written permission prior to such encumbrance.

(b) If the ground lease residential cooperative is required to obtain the subject ground lease owner's permission to encumber the ground lease residential cooperative's interest, the subject ground lease owner may only refuse to grant such consent for reasonable cause and must provide the ground lease residential cooperative with a written statement that sets forth the basis of refusal within fifteen days of a written request for permission from the ground lease residential cooperative. The foregoing shall not apply to any mortgage or granting of a security interest in the ground lease real property, other than the residential ground lease cooperative apartment building itself so long as it is subordinate to the rights of the subject ground lease owner under the subject residential cooperative ground lease.

5. (a) If any subject ground lease owner takes any action to market or offer the ground lease real property for sale, or receives a bona fide offer to purchase the ground lease real property that such subject ground lease owner intends to accept or respond to with a counteroffer, the subject ground lease owner shall include a notice stating that such acceptance or counteroffer shall be subject to the right of the ground lease residential cooperative to purchase the ground lease real property pursuant to this subdivision. Notwithstanding any provision of law or agreement to the contrary, every agreement to purchase a ground lease real property by a prospective purchaser of a ground lease real property shall be subject to the right of the ground lease residential cooperative to purchase the ground lease real property pursuant to this subdivision.

(b) (i) If a subject ground lease owner receives a bona fide offer to purchase a ground lease real property that such subject ground lease owner intends to accept or respond to with a counteroffer, such subject ground lease owner shall notify the ground lease residential cooperative and the commissioner of housing and community renewal.

(ii) The subject ground lease owner's written notification shall state:

(A) the price;

(B) the material terms and conditions of sale upon which such subject ground lease owner would sell the ground lease real property; and

(C) that the ground lease residential cooperative has one hundred twenty days to exercise their right to purchase the ground lease real property in accordance with this subdivision.

(iii) (A) The ground lease residential cooperative shall, within sixty days of receipt of notice from the subject ground lease owner, deliver to the subject ground lease owner a notice of intent to make an offer to purchase the ground lease real property. If such notice is not delivered within the sixty days, the subject ground lease owner has no further obligation under this subdivision.

(B) If the ground lease residential cooperative delivers such intent to the subject ground lease owner as required by clause (A) of this subparagraph, the ground lease residential cooperative shall have the right to purchase the ground lease real property; provided that the

ground lease residential cooperative shall have delivered to the subject ground lease owner an executed offer to purchase which meets the identical price, terms, and conditions of the offer or counteroffer provided in the notice of the subject ground lease owner within one hundred twenty days of receipt of notice from the subject ground lease owner, unless otherwise agreed to in writing. During this time period, the subject ground lease owner shall not accept a final unconditional offer to purchase the ground lease real property.

(c) If an offer to purchase by the ground lease residential cooperative is not delivered within such one hundred twenty day period, then, unless the subject ground lease owner thereafter elects to offer to sell the ground lease real property at a price lower than the price specified in the notice to the ground lease residential cooperative or on terms substantially different from those presented to the ground lease residential cooperative, the subject ground lease owner has no further obligations under this subdivision.

(d) If the subject ground lease owner, after such one hundred twenty day period, elects to offer to sell the ground lease real property at a price lower than the price specified in the notice given or at terms substantially different from those presented to the ground lease residential cooperative, then the ground lease residential cooperative shall be entitled to notice thereof and shall have an additional thirty days after receipt of notice of the revised terms to deliver to the subject ground lease owner an executed offer to purchase which meets the revised price, terms, and conditions as presented by the subject ground lease owner.

(e) This subdivision does not apply to:

(i) Any conveyance of an interest in a ground lease real property incidental to the financing of such ground lease real property.

(ii) The purchase of a ground lease real property by a governmental entity under its powers of eminent domain.

(f) Nothing in this subdivision shall be construed to compel the subject ground lease owner to divide the land and sell it to individual shareholders of the ground lease residential cooperative.

§ 2. Section 6 of section 4 of chapter 576 of the laws of 1974, constituting the emergency tenant protection act of nineteen seventy-four, is amended by adding a new subdivision h to read as follows:

h. Notwithstanding any contrary provisions of this act, on and after the effective date of this subdivision, where cooperative or condominium ownership of a housing accommodation no longer exists (deconversion), pursuant to subdivision three of section 233-c of the real property law, the initial rent shall be the most recent legal regulated rent for the housing accommodation adjusted by all lawful annual guideline amounts for one-year leases established by the rent guidelines board that would have been permitted had the housing accommodation been continuously subject to this act, but if the documentation necessary to reliably identify the most recent legal regulated rent for the housing accommodation is not available or is inappropriate, such initial amount shall be determined by the division of housing and community renewal based on data, compiled by and using sampling methods determined by the division of housing and community renewal, for regulated housing accommodations.

§ 3. Section 26-512 of the administrative code of the city of New York is amended by adding a new subdivision h to read as follows:

h. Notwithstanding any contrary provisions of this law, on and after the effective date of this subdivision, where cooperative or condominium ownership of a housing accommodation no longer exists (deconversion),

pursuant to subdivision three of section 233-c of the real property law, the initial rent shall be the most recent legal regulated rent for the housing accommodation adjusted by all lawful annual guideline amounts for one-year leases established by the rent guidelines board that would have been permitted had the housing accommodation been continuously subject to this law, but if the documentation necessary to reliably identify the most recent legal regulated rent for the housing accommodation is not available or is inappropriate, such initial amount shall be determined by the division of housing and community renewal based on data, compiled by and using sampling methods determined by the division of housing and community renewal, for regulated housing accommodations.

§ 4. Severability clause. If any clause, sentence, paragraph, subdivision, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or part thereof directly involved in the controversy in which such judgment shall have been rendered. It is hereby declared to be the intent of the legislature that this act would have been enacted even if such invalid provisions had not been included herein.

§ 5. This act shall take effect immediately, and shall apply to all existing leases and all leases issued, renewed, modified, altered or amended on or after such date; provided, however, that the amendments to section 26-512 of chapter 4 of title 26 of the administrative code of the city of New York made by section three of this act shall expire on the same date as such law expires and shall not affect the expiration of such law as provided under section 26-520 of such law.