

STATE OF NEW YORK

4099

2025-2026 Regular Sessions

IN SENATE

January 31, 2025

Introduced by Sens. PARKER, JACKSON, 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 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

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

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

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

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

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

1 rent for any apartment pursuant to this paragraph shall not exceed six
2 percent in any year from the effective date of the order granting the
3 increase over the rent set forth in the schedule of gross rents, with
4 collectability of any dollar excess above said sum to be spread forward
5 in similar increments and added to the stabilized rent as established or
6 set in future years;

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

11 (3) there has been since January first, nineteen hundred seventy-four
12 a major capital improvement essential for the preservation, energy effi-
13 ciency, functionality, or infrastructure of the entire building,
14 improvement of the structure including heating, windows, plumbing and
15 roofing, but shall not be for operation costs or unnecessary cosmetic
16 improvements. An adjustment under this paragraph shall be in an amount
17 sufficient to amortize the cost of the improvements pursuant to this
18 paragraph over a twelve-year period for a building with thirty-five or
19 fewer housing accommodations, or a twelve and one-half period for a
20 building with more than thirty-five housing accommodations and shall be
21 removed from the legal regulated rent thirty years from the date the
22 increase became effective inclusive of any increases granted by the
23 applicable rent guidelines board, for any determination issued by the
24 division of housing and community renewal after ~~[the effective date of~~
25 ~~the chapter of the laws of two thousand nineteen that amended this para-~~
26 ~~graph]~~ June 14, 2019. Temporary major capital improvement increases

27 shall be collectable prospectively on the first day of the first month
28 beginning sixty days from the date of mailing notice of approval to the
29 tenant. Such notice shall disclose the total monthly increase in rent
30 and the first month in which the tenant would be required to pay the
31 temporary increase. An approval for a temporary major capital improve-
32 ment increase shall not include retroactive payments. The collection of
33 any increase shall not exceed two percent in any year from the effective
34 date of the order granting the increase over the rent set forth in the
35 schedule of gross rents, with collectability of any dollar excess above
36 said sum to be spread forward in similar increments and added to the
37 rent as established or set in future years. Upon vacancy, the landlord
38 may add any remaining balance of the temporary major capital improvement
39 increase to the legal regulated rent. No landlord shall deny access to
40 a professional engineer licensed to practice in the state of New York or
41 a registered architect licensed to practice in the state of New York
42 hired by any tenant, tenants or tenant association representing tenants
43 for the purpose of conducting an inspection of a major capital improve-
44 ment for which an application for adjustment of maximum rent has been
45 filed. Such inspection shall be conducted after notice to the landlord
46 and during normal business hours. Such tenant may file the report of the
47 inspection with the state division of housing and community renewal for
48 consideration in the determination of such application. Notwithstanding

49 any other provision of the law, the collection of any rent increases for
50 any renewal lease commencing on or after June 14, 2019, due to any major
51 capital improvements approved on or after June 16, 2012 and before June
52 16, 2019 shall not exceed two percent in any year for any tenant in
53 occupancy on the date the major capital improvement was approved, or

54 § 4. Subparagraph 7 of the second undesignated paragraph of para-
55 graph (a) of subdivision 4 of section 4 of chapter 274 of the laws
56 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 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.

30 No landlord shall deny access to a professional engineer
31 licensed to practice in the state of New York or a registered architect
32 licensed to practice in the state of New York hired by any tenant,
33 tenants or tenant association representing tenants for the purpose of
34 conducting an inspection of a major capital improvement for which an
35 application for adjustment of maximum rent has been filed. Such
36 inspection shall be conducted after notice to the landlord and during
37 normal business hours. Such tenant may file the report of the inspection
38 with the state division of housing and community renewal for consider-

39 ation in the determination of such application. Notwithstanding any
40 other provision of the law, for any renewal lease commencing on or after
41 June 14, 2019, the collection of any rent increases due to any major
42 capital improvements approved on or after June 16, 2012 and before June
43 16, 2019 shall not exceed two percent in any year for any tenant in
44 occupancy on the date the major capital improvement was approved;
45 provided, however, where an application for a temporary major capital
46 improvement increase has been filed, a tenant shall have sixty days from
47 the date of mailing of a notice of a proceeding in which to answer or
48 reply. The state division of housing and community renewal shall provide
49 any responding tenant with the reasons for the division's approval or
50 denial of such application; or

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