

STATE OF NEW YORK

5622--A

2025-2026 Regular Sessions

IN SENATE

February 26, 2025

Introduced by Sen. HOYLMAN-SIGAL -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the real property actions and proceedings law and the New York city civil court act, in relation to expanding the right to seek the appointment of administrators of buildings to tenants and local governments throughout the state and to repeal sections 777 and 796-i of the real property actions and proceedings law relating thereto

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

1 Section 1. Subdivision 1 of section 769 of the real property actions
2 and proceedings law, as amended by chapter 877 of the laws of 1982, is
3 amended to read as follows:
4 1. A special proceeding by tenants of a dwelling in the city of New
5 York or the counties of Nassau, Suffolk, Rockland and Westchester or by
6 the department or agency responsible for the enforcement of the multiple
7 dwelling law, the multiple residence law, the uniform fire prevention
8 and building code, or any other law, code or ordinance governing the
9 occupancy and maintenance of residential property or addressing condi-
10 tions dangerous to health, life, and safety in the municipality or coun-
11 ty where the dwelling is located (hereinafter in this article referred
12 to as "the housing standards department") for a judgment directing the
13 deposit of rents into court and their use for the purpose of remedying
14 conditions dangerous to life, health or safety may be maintained in the
15 civil court of the city of New York, the district court of the counties
16 of Suffolk and Nassau and the county courts or city courts in the coun-
17 ties of Rockland and Westchester.

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

LBD07373-02-5

1 § 2. Section 770 of the real property actions and proceedings law, as
2 amended by chapter 655 of the laws of 1978, subdivision 1 as amended by
3 chapter 455 of the laws of 2013, is amended to read as follows:

4 § 770. Grounds for the proceeding. 1. One-third or more of the tenants
5 occupying a dwelling located in the city of New York or the commissioner
6 of the department of the city of New York charged with enforcement of
7 the housing maintenance code of such city, or in the counties of Nassau,
8 Suffolk, Rockland and Westchester may maintain a special proceeding as
9 provided in this article, upon the ground that there exists in such
10 dwellings or in any part thereof a lack of heat or of running water or
11 of light or of electricity or of adequate sewage disposal facilities, or
12 any other condition dangerous to life, health or safety, which has
13 existed for five days, or an infestation by rodents, or any combination
14 of such conditions; or course of conduct by the owner or the owner's
15 agents of harassment, illegal eviction, retaliation as defined by
16 section two hundred twenty-three-b of the real property law, interfer-
17 ence with the right of tenants to form, join or participate in tenants'
18 groups pursuant to section two hundred thirty of the real property law,
19 continued deprivation of services or other acts dangerous to life,
20 health or safety, or a business practice of neglect as defined in subdi-
21 vision three of this section, or the issuance of an order to the owner
22 of such dwelling by the commissioner of such department of the city of
23 New York pursuant to the alternative enforcement program under section
24 27-2153 of the administrative code of the city of New York, provided
25 that such dwelling has not been discharged from the program pursuant to
26 such section and there has not been a determination that the owner has
27 substantially complied with such order.

28 2. If the proceeding is instituted by the commissioner of the depart-
29 ment of the city of New York charged with enforcement of the housing
30 maintenance code of such city, one-third or more of the tenants may, at
31 any time thereafter during the pendency of the proceeding or after final
32 judgment pursuant to section seven hundred seventy-six [~~or seven hundred~~
33 ~~seventy-seven~~] of this article, petition for substitution of themselves
34 in place and [~~stead~~] instead of such commissioner of such department,
35 or, in the alternative, move to be joined as a party. Such substitution
36 or joinder shall be ordered by the court unless good reason to the
37 contrary shall be shown.

38 3. For the purposes of this article, a business practice of neglect
39 shall be defined as a course of conduct comprising acts or omissions by
40 the owner, person acting on the owner's behalf, mortgagee, and/or lienor
41 of record, which results in a clear and convincing pattern of recurrent
42 qualifying conditions and/or code violations, even if no such conditions
43 or violations exist at the time of the filing of the petition. A quali-
44 fying condition for purposes of this article is a condition dangerous to
45 health, life, or safety. A clear and convincing pattern of recurrent
46 qualifying conditions and/or code violations exists when within the
47 twelve months preceding the date of the filing of the petition:

48 (a) for at least one-third of the dwelling units within the subject
49 dwelling, there have existed at least two qualifying conditions and/or
50 code violations for a qualifying condition; or

51 (b) the sum of qualifying conditions and/or code violations for a
52 qualifying condition which have existed within the subject dwelling or
53 dwelling units therein equals or exceeds twice the number of dwelling
54 units; or

55 (c) the sum of qualifying conditions and/or violations for qualifying
56 conditions which the owner has failed to promptly correct within the

1 subject dwelling or dwelling units therein equals or exceeds the number
2 of dwelling units; or

3 (d) for at least one-third of the dwelling units within the subject
4 dwelling, there have existed at least one qualifying condition and/or
5 violation for a qualifying condition, and a clear and convincing pattern
6 of recurrent qualifying conditions or code violations as defined in
7 paragraph (a), (b), or (c) of this subdivision exists in another dwell-
8 ing within New York state with the same owner.

9 § 3. Section 771 of the real property actions and proceedings law, as
10 amended by chapter 877 of the laws of 1982, is amended to read as
11 follows:

12 § 771. Commencement; notice of petition; time and manner of service.

13 1. A special proceeding prescribed by this article shall be commenced by
14 the service of a petition and notice of petition. [~~A notice of petition~~
15 ~~may be issued only by a judge or the clerk of the court.~~]

16 2. The notice of petition shall specify the time and place of the
17 hearing on the petition and state that if at such time, a defense to
18 such petition is not interposed and established by the owner or any
19 mortgagee or lienor of record, a final judgment may be rendered direct-
20 ing that the rents due on the date of entry of such judgment from the
21 petitioning tenants and the rents due on the dates of service of such
22 judgment on all other tenants occupying such dwelling, from such other
23 tenants, shall be deposited with the administrator appointed pursuant to
24 section seven hundred seventy-eight of this article, and any rents to
25 become due in the future from such petitioners and from all other
26 tenants occupying such dwelling shall be deposited with such administra-
27 tor as they fall due; and that such deposited rents shall be used,
28 subject to the court's direction, to the extent necessary to remedy the
29 condition or conditions alleged in the petition.

30 3. The notice of petition and petition shall be served:

31 a. upon the owner of such dwelling last registered with the department
32 of housing preservation and development of such city pursuant to article
33 [~~forty-one of chapter twenty-six~~] two of subchapter four of chapter two
34 of title twenty-seven of the administrative code of the city of New York
35 and in Nassau, Suffolk, Rockland and Westchester counties upon the
36 person set forth as the owner on the last recorded deed to the rented
37 property and;

38 b. upon every mortgagee and lienor of record[, ~~and upon the city of~~
39 ~~New York, at least five days before the time at which the petition is~~
40 ~~noticed to be heard~~];

41 c. upon the municipality where the dwelling is located; and

42 d. upon any non-petitioning tenants.

43 4. The proof of service shall be filed with the court before which the
44 petition is to be heard on or before the return date.

45 5. Manner of service of the notice of petition and petition. a. Upon
46 the owner. (1) Service [~~of the notice of petition and petition~~] shall be
47 made upon the owner at least five days before the time at which the
48 petition is noticed to be heard by personally delivering [~~them~~] the
49 notice of petition and petition to the person or persons required to be
50 served pursuant to paragraphs a and b of subdivision three of this
51 section. [~~Service upon the city of New York shall be made by personal~~
52 ~~delivery to the commissioner of the city department charged with~~
53 ~~enforcement of the housing maintenance code of such city, or to an agent~~
54 ~~duly authorized to accept such service on his behalf. If service cannot~~
55 ~~with due diligence be made within the city upon an owner, mortgagee or~~
56 ~~lienor of record in such manner, it shall be made.~~]

1 ~~(1) upon the owner last registered with the department of housing~~
2 ~~preservation and development pursuant to article forty one of chapter~~
3 ~~twenty six of the administrative code of the city of New York and in~~
4 ~~Nassau, Suffolk, Rockland and Westchester counties upon the person set~~
5 ~~forth as the owner on the last recorded deed to the rented property by~~
6 ~~delivering to and leaving personally with the person designated pursuant~~
7 ~~to article forty one of chapter twenty six of such code as managing~~
8 ~~agent of the subject dwelling, and in Nassau, Suffolk, Rockland and~~
9 ~~Westchester counties upon the person designated as the managing agent of~~
10 ~~the rented property if one shall have been designated, a copy of the~~
11 ~~notice of petition and petition;~~

12 ~~(2) upon a mortgagee or lienor of record, by registered or certified~~
13 ~~mail, return receipt requested, at the address set forth in the recorded~~
14 ~~mortgage or lien.~~

15 ~~b. If such personal service upon the person designated pursuant to~~
16 ~~article forty one of chapter twenty six of the administrative code of~~
17 ~~the city of New York as managing agent of the subject dwelling and in~~
18 ~~Nassau, Suffolk, Rockland and Westchester counties upon the person set~~
19 ~~forth as the owner on the last recorded deed to the rented property~~
20 ~~cannot be made with due diligence, service upon such last registered~~
21 ~~owner shall be made by affixing a copy of the notice and petition upon a~~
22 ~~conspicuous part of the subject dwelling; and in addition, within two~~
23 ~~days after such affixing, by sending a copy thereof by registered or~~
24 ~~certified mail, return receipt requested, to the owner at the last~~
25 ~~address registered by him with the department of housing preservation~~
26 ~~and development or, in the absence of such registration, to the address~~
27 ~~set forth in the last recorded deed with respect to such premises.]~~

28 (2) If such service cannot be made with due diligence within the city
29 of New York if the dwelling is located therein or otherwise within the
30 county where the dwelling is located, it shall be made by affixing a
31 copy of the notice and petition upon a conspicuous part of the subject
32 dwelling; and in addition, within two days after such affixing, by send-
33 ing to the owner a copy thereof by registered or certified mail, return
34 receipt requested, and a copy thereof by registered or certified or
35 regular first-class mail, no return receipt requested. If the subject
36 dwelling is located in the city of New York, such mailing shall be sent
37 to the address last registered with the department of housing preserva-
38 tion and development pursuant to article two of subchapter four of chap-
39 ter two of title twenty-seven of the administrative code of the city of
40 New York, or in the absence of such registration, to the address set
41 forth in the last recorded deed for the subject dwelling. If the subject
42 dwelling is located outside the city of New York, such mailing shall be
43 sent to the address where local property tax bills for the subject
44 dwelling are sent or, in the alternative if the jurisdiction in which
45 the court sits has a rental registry requirement, at the registered
46 address for the subject dwelling.

47 (3) Upon receipt of service of the petition, the owner shall provide
48 to the petitioners, within three days, a written list of all mortgagees
49 and lienors of which the owner is aware and addresses for each.

50 b. Upon mortgagees and lienors. (1) Service shall be made upon each
51 mortgagee and lienor of record at least five days before the time at
52 which the petition is noticed to be heard by either personally deliver-
53 ing the notice of petition and petition or, in the alternative, sending
54 a copy thereof to each mortgagee and lienor of record at the address set
55 forth in the recorded mortgage or lien by certified or registered mail,

1 return receipt requested, and a second copy thereof by certified or
2 registered or regular first-class mail, no return receipt requested.

3 (2) For the purposes of this article, a "mortgagee or lienor of
4 record" shall include only those mortgagees or lienholders whose inter-
5 est is recorded in a publicly accessible database or can be provided on
6 request by the municipal or county registrar, as long as the request
7 includes, at minimum, the address and borough, block, and lot number of
8 the subject dwelling, and follows the applicable rules and regulations
9 of the registrar of the county or municipality in which the property is
10 located for requesting such information.

11 c. Upon the municipality. Service shall be made at least five days
12 before the time at which the petition is noticed to be heard upon the
13 municipality as required by paragraph c of subdivision three of this
14 section to the official charged with management of the housing standards
15 department of such municipality, or to an agent duly authorized to
16 accept service on their behalf, either by personally delivering the
17 notice of petition and petition or, in the alternative, sending a copy
18 thereof to the address designated by the official for receipt of service
19 or, if no such address is designated, to the headquarters of the depart-
20 ment, by registered or certified mail, return receipt requested, and a
21 second copy by registered or certified or regular first-class mail, no
22 return receipt requested.

23 d. Upon non-petitioning tenants. Service shall be made at least five
24 days before the time at which the petition is noticed to be heard upon
25 non-petitioning tenants occupying the dwelling by affixing a copy of the
26 notice of petition and petition upon a conspicuous part of the subject
27 dwelling or, in the alternative, by mailing a copy of the notice of
28 petition and petition to each dwelling unit not occupied by a petition-
29 ing tenant, addressed to "Current Tenant(s)", by registered or certified
30 mail, and a second copy by registered or certified or regular first-
31 class mail, no return receipt requested.

32 ~~6. [Notice to non-petitioning tenants. Notice of the proceeding shall~~
33 ~~be given to the non-petitioning tenants occupying the dwelling by affix-~~
34 ~~ing a copy of the notice of petition and petition upon a conspicuous~~
35 ~~part of the subject dwelling]~~ Contesting service. Defects in service or
36 notice to non-parties are not jurisdictional. The court upon motion or
37 sua sponte may adjourn the proceeding for five days, or up to ten days
38 if requested by petitioners, within which time petitioners shall cure
39 any defects identified by the court.

40 § 4. Subdivisions 1 and 2 of section 772 of the real property actions
41 and proceedings law, as amended by chapter 877 of the laws of 1982, are
42 amended to read as follows:

43 1. Allege material facts showing that there exists in such dwelling or
44 any part thereof one or more of the following: a lack of heat or of
45 running water or of light or electricity or of adequate sewage disposal
46 facilities, or any other condition dangerous to life, health or safety,
47 which has existed for five days, or an infestation of rodents or course
48 of conduct by the owner or [~~his~~] the owner's agents of harassment, illegal
49 eviction, retaliation as defined by section two hundred twenty-
50 three-b of the real property law, interference with the right of tenants
51 to form, join or participate in tenants' groups pursuant to section two
52 hundred thirty of the real property law, continued deprivation of
53 services or other acts dangerous to life, health or safety; or a busi-
54 ness practice of neglect as defined in subdivision three of section
55 seven hundred seventy of this article; or the issuance of an order to
56 the owner of such dwelling by the commissioner of such housing standards

1 department of the city of New York pursuant to the alternative enforce-
2 ment program under section 27-2153 of the administrative code of the
3 city of New York, provided that such dwelling has not been discharged
4 from the program pursuant to such section and there has not been a
5 determination that the owner has substantially complied with such order.

6 2. If the petitioners shall be tenants occupying the dwelling, they
7 shall allege the number of petitioners making the petition and that they
8 constitute one-third or more of the tenants of said dwelling in occupan-
9 cy thereof, or, in the case of a single residence dwelling, that they
10 are the occupants of such dwelling.

11 § 5. Section 774 of the real property actions and proceedings law, as
12 added by chapter 909 of the laws of 1965, is amended to read as follows:

13 § 774. Trial. 1. Where triable issues of fact are raised, they shall
14 be tried by the court without a jury at the time when issue is joined.
15 However, the court[~~, in its discretion,~~] may grant [~~an~~] a single
16 adjournment of such trial [at] upon request of [~~either~~] any party who
17 appears, if [~~it determines~~] the requesting party shows that an adjourn-
18 ment is necessary [~~to enable either of the parties~~] to procure the
19 necessary witnesses, or upon consent of all the parties who appear. Such
20 adjournment shall not be for more than five days except by consent of
21 all the parties who appear.

22 2. The proceeding shall not be adjourned more than once at the request
23 of the same party except by consent of all the parties who appear, and
24 such adjournments shall not be for more than five days except by consent
25 of all the parties who appear.

26 3. The trial must take place each court day whenever the court is in
27 session until the conclusion of the trial, and accordingly no other
28 cases should be scheduled on the court's calendar for dates prior to the
29 anticipated conclusion of the trial, except by consent of all the
30 parties who appear or during adjournments pursuant to subdivision one or
31 two of this section.

32 § 6. Subdivision c of section 775 of the real property actions and
33 proceedings law, as amended by chapter 877 of the laws of 1982, is
34 amended and a new subdivision d is added to read as follows:

35 c. Any tenant or resident of the dwelling has expressly refused entry
36 to the owner or [~~his~~] the owner's agent with access to a portion of the
37 premises for the purpose of correcting such condition or conditions
38 after the owner or their agent provided the tenant or resident with no
39 less than one week written notice of a desire for access, except where
40 such condition requires immediate access in order to prevent injury to
41 persons or damage to property, in which case notice shall be provided by
42 telephone, email, or by knocking on the tenant or resident's door at a
43 reasonable time when such tenant or resident would be expected to be
44 present.

45 d. A tenant's request to reschedule dates of access to a time conven-
46 ient for the tenant or a household member shall not be deemed an express
47 refusal for the purposes of this section.

48 § 7. Section 776 of the real property actions and proceedings law, as
49 added by chapter 909 of the laws of 1965, subdivision b as amended by
50 chapter 877 of the laws of 1982, is amended to read as follows:

51 § 776. Judgment. The court shall render a final judgment either

52 a. Dismissing the petition for failure to affirmatively establish the
53 allegations thereof or because of the affirmative establishment by the
54 owner or a mortgagee or lienor of record of a defense or defenses speci-
55 fied in section seven hundred seventy-five of this article; or

1 b. Directing that (1) the rents due on the date of the entry of such
2 judgment from the petitioning tenants and the rents due on the dates of
3 service of the judgment on all other residential and non-residential
4 tenants occupying such dwelling from such other tenants, shall be depos-
5 ited with the administrator appointed by the court, pursuant to section
6 seven hundred seventy-eight of this article; (2) any rents to become due
7 in the future from all tenants occupying such dwelling shall be deposit-
8 ed with such administrator as they fall due; (3) such deposited rents
9 shall be used, subject to the court's direction, to the extent necessary
10 to remedy the condition or conditions or course of conduct alleged in
11 the petition and (4) upon the completion of such work in accordance with
12 such judgment, any remaining surplus shall be turned over to the owner,
13 together with a complete accounting of the rents deposited and the costs
14 incurred; and granting such other and further relief as to the court may
15 seem just and proper. A certified copy of such judgment shall be served
16 personally, by the administrator appointed by the court pursuant to
17 section seven hundred seventy-eight of this article, upon each non-peti-
18 tioning tenant occupying such dwelling and [~~upon the city of New York~~]
19 the housing standards department by service as provided in subdivision
20 five of section seven hundred seventy-one of this article. If personal
21 service on any such non-petitioning tenant cannot be made with due dili-
22 gence, service on such tenant shall be made by affixing a certified copy
23 of such judgment on the entrance door of such tenant's apartment, store
24 or other unit and, in addition, within one day after such affixing, by
25 sending a certified copy thereof by certified or registered mail, return
26 receipt requested, to such tenant. Any right of the owner of such dwell-
27 ing to collect such rent moneys from any petitioning tenant of such
28 dwelling on or after the date of entry of such judgment, and from any
29 non-petitioning tenant of such dwelling on or after the date of service
30 of such judgment on such non-petitioning tenant as herein provided,
31 shall be void and unenforceable to the extent that such petitioning or
32 non-petitioning tenant, as the case may be, has deposited such moneys
33 with the administrator in accordance with the terms of such judgment,
34 regardless of whether such right of the owner arises from a lease,
35 contract, agreement or understanding heretofore or hereafter made or
36 entered into or arises as a matter of law from the relationship of the
37 parties or otherwise. It shall be a valid defense in any action or
38 proceeding against any such tenant to recover possession of real proper-
39 ty for the non-payment of rent or for use or occupation to prove that
40 the rent alleged to be unpaid was deposited with the administrator in
41 accordance with the terms of a judgment entered under this section.

42 c. Directing the owner to provide written notice to the court, court-
43 appointed administrator, housing standards department, and petitioning
44 tenants within ten days of entering into a contract of sale with a
45 prospective purchaser of the premises.

46 d. Neither the owner nor a court-appointed administrator shall, with-
47 out good cause, serve a notice to quit upon any tenant or commence any
48 action to recover real property or summary proceeding to recover
49 possession of real property, or substantially alter the terms of a
50 tenant's lease, including, but not limited to, refusing to continue a
51 tenancy of the tenant upon expiration of the tenant's lease, to renew
52 the lease or offer a new lease, or offering a new lease with a rent
53 increase equal to or greater than five percent above the current lease,
54 within one year of a judgment pursuant to this section; provided, howev-
55 er, that an owner shall not be required under this section to offer a
56 new lease or a lease renewal for a term greater than one year.

1 § 8. Section 777 of the real property actions and proceedings law is
2 REPEALED.

3 § 9. Section 778 of the real property actions and proceedings law, as
4 amended by chapter 963 of the laws of 1974, subdivisions 1 and 6 as
5 amended and subdivision 11 as added by chapter 455 of the laws of 2013,
6 the opening paragraph of subdivision 1 as amended by chapter 48 of the
7 laws of 2015, subdivision 3 as amended by chapter 305 of the laws of
8 1978, subdivision 4 as added by chapter 521 of the laws of 1979, subdi-
9 vision 5 as added by chapter 769 of the laws of 1981, subdivision 7 as
10 added by chapter 737 of the laws of 1985, subdivisions 8 and 9 as added
11 by chapter 95 of the laws of 1989, subdivision 10 as amended by chapter
12 40 of the laws of 2001, paragraph (a) of subdivision 10 as amended by
13 chapter 387 of the laws of 2003 and paragraph (b) of subdivision 10 as
14 amended by chapter 265 of the laws of 2009, is amended to read as
15 follows:

16 § 778. Appointment of administrator. 1. The court is authorized and
17 empowered, in implementation of a judgment rendered pursuant to section
18 seven hundred seventy-six [~~or seven hundred seventy seven~~] of this arti-
19 cle, to appoint a person other than the owner, a mortgagee or lienor, to
20 receive and administer the rent moneys or security deposited with such
21 owner, mortgagee or lienor, subject to the court's direction. The court
22 may appoint the [~~commissioner of the department of the city of New York~~
23 ~~charged with enforcement of the housing maintenance code of such city~~]
24 official charged with managing the housing standards department or the
25 commissioner's designee as such administrator, provided that the commis-
26 sioner or the commissioner's designee shall consent, in writing, to such
27 appointment. Any administrator is authorized and empowered in accordance
28 with the direction of the court, to order the necessary materials, labor
29 and services to remove or remedy the conditions specified in the judg-
30 ment, and to make disbursements in payment thereof; and to demand,
31 collect and receive the rents from the tenants; and to institute all
32 necessary legal proceedings including, but not limited to, summary
33 proceedings for the removal of any tenant or tenants; and to rent or
34 lease for terms not exceeding three years any part of said premises,
35 however, the court may direct the administrator to rent or lease commer-
36 cial parts of said premises for terms that the court may approve. In
37 addition, such administrator is authorized and empowered in accordance
38 with the direction of the court to accept and repay such moneys as may
39 be received from the housing standards department [~~charged with enforce-~~
40 ~~ment of the housing maintenance code of the city of New York~~] for the
41 purpose of managing the premises, replacing or substantially rehabili-
42 tating systems or making other repairs or capital improvements author-
43 ized by the court. All moneys expended by the department pursuant to the
44 foregoing shall constitute a debt recoverable from the owner and a lien
45 upon the building and lot, and upon the rents and other income thereof.
46 Such lien shall be enforced in accordance with the provisions of article
47 eight of subchapter five of the housing maintenance code of the city of
48 New York, or in accordance with any applicable provisions for all other
49 counties. Such administrator, shall, upon completion of the work
50 prescribed in such judgment, file with the court a full accounting of
51 all receipts and expenditures for such work. Such administrator shall
52 dispose of the rents and other monies deposited with such administrator
53 according to the following order of priority:

54 (a) Payment in full for all of the work specified in the judgment,
55 fuel bills, fire and liability insurance, and bills for ordinary repairs
56 and maintenance, including correcting conditions in violation of the

1 law. Until all of the work specified in the judgment has been completed
2 and payment for such work has been made, no other disbursements shall be
3 permitted[~~, except for fuel bills, fire and liability insurance, and~~
4 ~~bills for ordinary repairs and maintenance~~].

5 (b) Payment of a reasonable amount for the services of such adminis-
6 trator, including reimbursement of any legal fees incurred by such
7 administrator in connection with management of the building.

8 (c) Payment of outstanding real property tax liens claimed by [~~the~~
9 ~~city of New York~~] any municipality or county in which the dwelling is
10 located.

11 (d) Payment of outstanding emergency repair liens filed and recorded
12 by [~~the city of New York~~] any municipality or county in which the dwell-
13 ing is located and outstanding liens filed and recorded by [~~the city~~]
14 such municipality or county pursuant to this section.

15 (e) Abatements for all tenants of up to twenty-five percent of rent
16 for the period during which the administrator is appointed. Nothing in
17 this paragraph shall prevent any tenant from prosecuting a claim in a
18 court of competent jurisdiction for breach of warranty of habitability;
19 however, any resulting relief from such claim will be reduced by the
20 amount of the abatement awarded herein.

21 (f) Payment to the owner of any surplus remaining after payments of
22 paragraphs (a) through [~~(d)~~] (e) of this subdivision have been made.

23 2. Unless the administrator is the [~~city of New York~~] municipality or
24 county, the court may allow from the rent moneys or security on deposit
25 a reasonable amount for services of such administrator.

26 3. Unless such administrator is the [~~city of New York~~] municipality or
27 county, the administrator so appointed shall furnish a bond, the amount
28 and form of which shall be approved by the court. In its discretion and
29 for good cause shown, the court may dispense with the necessity for a
30 bond. The cost of a required bond shall be paid from the moneys so
31 deposited.

32 4. Such administrator shall file a transcript of the judgment appoint-
33 ing [~~him~~] them with the county clerk within fifteen days of [~~his~~] their
34 appointment.

35 5. The duties of such administrator shall not be affected by the
36 appointment of a receiver in an action to foreclose a mortgage on the
37 premises, except that the rights of the owner, including the right to
38 any surplus, pursuant to paragraph [~~(e)~~] (f) of subdivision one of this
39 section, shall pass to the receiver. The court in which the action to
40 foreclose a mortgage on the premises is pending may appoint such admin-
41 istrator to serve as receiver in that action in addition to [~~his~~] their
42 duties as administrator pursuant to this article.

43 6. Such administrator shall be liable only in [~~his or her~~] such admin-
44 istrator's official capacity for injury to persons and property by
45 reason of conditions of the premises in a case where an owner would have
46 been liable; [~~he or she~~] such administrator shall not have any liability
47 in [~~his or her~~] such administrator's personal capacity. Appointment of
48 an administrator pursuant to subdivision one of this section shall not
49 relieve an owner of liability for injury to persons and property in such
50 case.

51 7. No [~~city~~] municipality or county specified in section seven hundred
52 sixty-nine of this article shall be liable to any party, including such
53 administrator or the owner, for injury to persons or property by reason
54 of conditions of the premises or the acts or omissions of such adminis-
55 trator, except that when the [~~city of New York~~] municipality or county

1 is appointed administrator, liability shall be determined in accordance
2 with subdivision six of this section.

3 8. The commissioner of the department of the city of New York charged
4 with the enforcement of the housing maintenance code of such city shall
5 promulgate rules and regulations regarding criteria for the selection of
6 administrators to be appointed pursuant to this section and shall estab-
7 lish and maintain a list of organizations and persons approved by such
8 department. If the dwelling is located outside the city of New York,
9 the official charged with management of the housing standards department
10 shall promulgate rules and regulations regarding criteria for the
11 selection of administrators to be appointed pursuant to this section and
12 may establish and maintain a list of organizations and persons approved
13 by such department. Unless the administrator is the [~~city of New York~~]
14 municipality or county, any person appointed as an administrator within
15 such city shall be selected from among the organizations and persons
16 approved as administrators pursuant to such list, any organizations or
17 individuals submitted to the court for consideration by the petitioning
18 tenants pursuant to paragraph (a) of this subdivision, and the petition-
19 ing tenants deemed to have sufficient knowledge and expertise to serve
20 as the administrator.

21 (a) Where an article seven-A proceeding is initiated by tenants, the
22 petitioning tenants shall have the right to submit to the court a list
23 of three preferred organizations and/or individuals selected from the
24 approved list of administrators provided that, if the tenants find no
25 organization or individual on the list to be suitable, the tenants may
26 nominate organizations or individuals outside of the list, including
27 from among the petitioning tenants, along with a summary of each nomi-
28 nee's experience and credentials, for consideration by the court.

29 (b) Where petitioning tenants have submitted preferred organizations
30 and/or individuals selected from the approved list of administrators,
31 the court must appoint an administrator from among the petitioning
32 tenants' preferred approved administrators absent good cause to the
33 contrary.

34 (c) Where petitioning tenants have not submitted preferred organiza-
35 tions or individuals or where the court declines to appoint an adminis-
36 trator from among the petitioning tenants' preferred administrators or
37 nominees, priority of appointment shall be given to not-for-profit
38 corporations formed for the purpose of preserving or developing afford-
39 able housing whenever there is no eligible for-profit organization or
40 individual that is clearly more competent.

41 9. (a) Such administrator shall, within thirty days of appointment,
42 file with the court a plan for the provision of essential services and
43 for the correction of such other hazardous conditions as may exist at
44 the premises, specifying dates by which such services shall be provided
45 and such conditions corrected. If such administrator cannot provide such
46 services and correct such conditions by the dates specified in the plan,
47 [~~he~~] they shall be required to file with the court an amendment to the
48 plan setting forth the reasons why such services and corrections could
49 not be provided by such date and specifying new dates for such services
50 and corrections. Such plan and any amendments to such plan shall be
51 provided to the tenants by first-class or registered or certified mail
52 [~~or~~] and by conspicuously posting in a common area of the building, and
53 to the owner of record by first-class or registered or certified mail.

54 (b) Where an organization has been appointed as the administrator,
55 such administrator shall promptly delegate the responsibilities to a
56 single individual and inform the court of such designation within thirty

1 days. Such person shall remain accountable to the court as the adminis-
2 trator's representative until the administrator's discharge.

3 10. (a) Where a building for which an administrator has been appointed
4 pursuant to this section is transferred to a new owner at any time
5 following the appointment of such administrator, whether or not such
6 building remains subject to such administrator, the housing standards
7 department [~~charged with enforcement of the housing maintenance code of~~
8 ~~the city of New York~~] may enter into a regulatory agreement with such
9 new owner. Such regulatory agreement may impose such terms and condi-
10 tions upon the operation and repair of such building as such department
11 may determine. Notwithstanding any general, special or local law to the
12 contrary, such regulatory agreement may provide that, upon transfer of
13 such building to the new owner, any outstanding liens filed with and
14 recorded by the city pursuant to this section or pursuant to section
15 three hundred nine of the multiple dwelling law shall immediately be
16 reduced to zero, provided that such regulatory agreement shall require,
17 in consideration for such reduction to zero, the provision of adequate,
18 safe and sanitary housing accommodations for persons of low income for a
19 period of not less than [~~thirty~~] ninety-nine years. Any regulatory
20 agreement pursuant to this subdivision shall include a certification by
21 the new owner of the real property that (i) the prior owner has no
22 direct or indirect interest in such real property, and (ii) the prior
23 owner has no direct or indirect interest in such new owner.

24 (b) On or about June thirtieth, two thousand [~~nine~~] twenty-two and for
25 every three years thereafter for as long as the program continues to be
26 in effect, the [~~city~~] municipality or county shall submit a report to
27 the governor, the temporary president of the senate, the speaker of the
28 assembly, the minority leader of the senate and the minority leader of
29 the assembly. Each report following the initial report shall describe
30 the program activities carried out during the three prior calendar years
31 pursuant to this subdivision.

32 11. (a) The court may only discharge an administrator if the owner
33 makes a prima facie showing that the conditions and course of conduct
34 which required the appointment of the article seven-A administrator have
35 been cured and that the owner has a detailed plan for the continued
36 maintenance and operation of the dwelling, the owner has paid in full or
37 entered into a payment agreement to pay in full all outstanding real
38 property tax liens claimed by [~~the city of New York~~] any municipality or
39 county in which the dwelling is located, all outstanding emergency
40 repair liens filed and recorded by [~~the city of New York~~] any muni-
41 city or county in which the dwelling is located, all outstanding
42 charges and liens assessed in connection to the alternative enforcement
43 program authorized by section 27-2153 of the administrative code of the
44 city of New York, and outstanding liens filed and recorded by [~~the city~~]
45 such municipality or county pursuant to this section. The provisions of
46 this subdivision shall not apply to buildings transferred pursuant to
47 subdivision ten of this section.

48 (b) A detailed plan for the continued maintenance of the operations of
49 the dwelling shall include sufficient submissions for the court to eval-
50 uate the owner's willingness and ability to make repairs, including
51 specifying the repairs they will undertake, an estimated budget, a time-
52 table for doing so, identifying the source of funds for those expendi-
53 tures, and balance sheets or income statements.

54 (c) In assessing an owner's fitness for the continued maintenance and
55 operation of the dwelling, the court shall consider the conditions of
56 other properties owned or managed by the owner and shall not discharge

1 the article seven-A administrator where it is found that the owner oper-
2 ates a separate property or separate properties at a standard which is
3 contrary to public health and safety. The court may rely on the visually
4 displayed or the printed computerized violation files of the department
5 responsible for maintaining such files and all other computerized data
6 as shall be relevant to the enforcement of state and local laws for the
7 establishment and maintenance of housing standards.

8 12. (a) Where a judgment has been entered pursuant to this section,
9 the municipality must, within six months of such a judgment, certify a
10 finding pursuant to paragraph (c) of subdivision one of section nineteen
11 hundred seventy-one of this chapter.

12 (b) Where a finding of abandonment has been certified, the munici-
13 pality may commence a proceeding pursuant to section nineteen hundred
14 seventy-three of this chapter, or, in the alternative, authorize the
15 court-appointed administrator to sell the property to a purchaser
16 approved by the court pursuant to section seven hundred eighty-four of
17 this article.

18 (c) Notice of such authorization must be issued to all owners, mortga-
19 gors, lienors and lessees of record pursuant to section nineteen hundred
20 seventy-two of this chapter, as well as to all tenants of the subject
21 building.

22 (d) Any owner, mortgagor, lienor or lessee may challenge the authori-
23 zation of sale, provided that the burden of proof is on the challenging
24 party to demonstrate its capacity to resume control of the premises
25 pursuant to subdivision eleven of this section.

26 § 10. Section 779 of the real property actions and proceedings law, as
27 amended by chapter 95 of the laws of 1989, is amended to read as
28 follows:

29 § 779. Presentation or settlement of accounts. The court shall
30 require the keeping of written accounts itemizing the receipts and
31 expenditures under an order issued pursuant to section seven hundred
32 seventy-six [~~or seven hundred seventy-seven~~] of this article, which
33 shall be open to inspection by the owner, any mortgagee or lienor or any
34 other person having an interest in such receipts or expenditures
35 provided, however, notwithstanding any other provision of law to the
36 contrary, such information as may be in the possession of the [~~city of~~
37 ~~New York with the department charged with the enforcement of the housing~~
38 ~~maintenance code of such city~~] housing standards department shall be
39 available from such department for inspection only by the owner, tenant
40 of such property, or person having a recorded interest in the property.
41 Upon motion of the court or the administrator or of the owner, any mort-
42 gagee or lienor of record or of any person having an interest, or the
43 petitioning tenants, the court may require a presentation or settlement
44 of the accounts with respect thereto. Notice of a motion for presenta-
45 tion or settlement of such accounts shall be served on the owner, any
46 mortgagee or other lienor of record who appeared in the proceeding and
47 [~~any person having an interest in such receipts or expenditures~~] the
48 petitioning tenants.

49 § 11. Section 782 of the real property actions and proceedings law, as
50 amended by chapter 877 of the laws of 1982, is amended to read as
51 follows:

52 § 782. "Dwelling" defined. As used in this article, the term "dwell-
53 ing" shall mean any building or structure or portion thereof which is
54 occupied in whole or in part as the home, residence or sleeping place of
55 one or more human beings and is either rented, leased, let or hired out,
56 to be occupied, or is occupied as the residence or home of [~~three~~] one

1 or more families [~~living independently of each other~~]; or is a garden-
2 type maisonette dwelling project as defined in the multiple dwelling law
3 or other similar dwellings which in their aggregate are arranged or
4 designed to provide three or more apartments, have common facilities
5 such as but not limited to a sewer line, water main, or heating plant
6 and are operated as a unit under common ownership, notwithstanding that
7 certificates of occupancy were issued for portions thereof as one or two
8 family dwellings or that the dwellings are not a multiple dwelling as
9 defined in the multiple dwelling law. "Dwelling" shall also include
10 premises zoned for mixed residential and commercial use, provided that a
11 portion of such premises are, in fact, occupied by one or more tenants
12 for residential purposes.

13 § 12. Section 783 of the real property actions and proceedings law, as
14 added by chapter 95 of the laws of 1989, is amended to read as follows:

15 § 783. Defense of warranty of habitability inapplicable. Notwith-
16 standing any other provision of law, in any proceeding for the payment
17 of rent commenced by an administrator appointed pursuant to this arti-
18 cle, the provisions of section two hundred thirty-five-b of the real
19 property law pertaining to the warranty of habitability shall not be a
20 defense to such a proceeding for rent which accrues during the period of
21 time that a judgment or an order pursuant to this article is in effect,
22 unless the court determines that the conditions upon which such defense
23 is based were caused by the failure of such administrator to perform
24 [~~his~~] such administrator's duties in a reasonable manner. The burden of
25 showing performance of duties in a reasonable manner shall be made by
26 the administrator in such summary proceeding.

27 § 13. The real property actions and proceedings law is amended by
28 adding a new section 784 to read as follows:

29 § 784. Sale of premises; court review. Prior to entering into any
30 contract of sale of the premises subject to judgment, an owner, adminis-
31 trator, mortgagor, or lienor shall submit the proposed contract of sale
32 for review before the court.

33 § 14. The real property actions and proceedings law is amended by
34 adding a new section 785 to read as follows:

35 § 785. Waiver void. Any provision of a lease or other agreement where-
36 by any provision of this article for the benefit of a tenant, resident
37 or occupant of a dwelling is waived, shall be deemed against public
38 policy and shall be void.

39 § 15. Paragraph 5 of subdivision (a) of section 110 of the New York
40 city civil court act, as amended by chapter 849 of the laws of 1977, is
41 amended to read as follows:

42 (5) Actions and proceedings under article seven-A of the real property
43 actions and proceedings law, and all summary proceedings to recover
44 possession of residential premises to remove tenants therefrom, and to
45 render judgment for rent due, including without limitation those cases
46 in which a tenant alleges a defense under section seven hundred fifty-
47 five of the real property actions and proceedings law, relating to stay
48 or proceedings or action for rent upon failure to make repairs, section
49 three hundred two-a of the multiple dwelling law, relating to the abate-
50 ment of rent in case of certain violations of section D26-41.21 of such
51 housing maintenance code. Where one or multiple parts within the housing
52 part have been designated to hear trials, actions and proceedings under
53 article seven-A of the real property actions and proceedings law, such
54 proceedings shall be held before those trial parts and not before the
55 part within the housing part.

1 § 16. Section 796-b of the real property actions and proceedings law,
2 as added by chapter 677 of the laws of 2022, is amended to read as
3 follows:

4 § 796-b. Grounds for the proceeding. One-third or more of the tenants
5 occupying a multiple residence dwelling or a tenant occupying a single
6 residence dwelling or the commissioner of the department charged with
7 enforcement of the housing maintenance code in the municipality where
8 the dwelling is located may maintain a special proceeding as provided in
9 this article, upon the grounds that there exists in such dwelling, or in
10 any part thereof:

11 1. a lack of heat, running water, light, electricity, adequate sewage
12 disposal facilities, or any other condition dangerous to life, health or
13 safety, which has existed for five days, or an infestation by rodents,
14 or any combination of such conditions; ~~[ex]~~

15 2. a course of conduct by the owner or the owner's agents of harass-
16 ment, illegal eviction, continued deprivation of services or other acts
17 dangerous to life, health or safety~~[-]~~;

18 3. retaliation as defined by section two hundred twenty-three-b of the
19 real property law;

20 4. interference with the right of tenants to form, join or participate
21 in tenants' groups pursuant to section two hundred thirty of the real
22 property law; or

23 5. a business practice of neglect, defined as a course of conduct
24 comprising acts or omissions by the owner, person acting on the owner's
25 behalf, mortgagee, and/or lienor of record, which results in a clear and
26 convincing pattern of recurrent qualifying conditions and/or code
27 violations, even if no such conditions or violations exist at the time
28 of the filing of the petition. A qualifying condition for purposes of
29 this article is a condition dangerous to health, life, or safety. A
30 clear and convincing pattern of recurrent qualifying conditions and/or
31 code violations exists when within the twelve months preceding the date
32 of the filing of the petition:

33 (a) for at least one-third of the dwelling units within the subject
34 dwelling, there have existed at least two qualifying conditions and/or
35 code violations for a qualifying condition; or

36 (b) the sum of qualifying conditions and/or code violations for a
37 qualifying condition which have existed within the subject dwelling or
38 dwelling units therein equals or exceeds twice the number of dwelling
39 units; or

40 (c) the sum of qualifying conditions and/or violations for qualifying
41 conditions which the owner has failed to promptly correct within the
42 subject dwelling or dwelling units therein equals or exceeds the number
43 of dwelling units; or

44 (d) for at least one-third of the dwelling units within the subject
45 dwelling, there have existed at least one qualifying condition and/or
46 violation for a qualifying condition, and a clear and convincing pattern
47 of recurrent qualifying conditions or code violations as defined in
48 paragraph (a), (b), or (c) of this subdivision exists in another dwell-
49 ing within New York state with the same owner.

50 § 17. Subdivision 1 of section 796-c of the real property actions and
51 proceedings law, as added by chapter 677 of the laws of 2022, is amended
52 and three new subdivisions 7, 8 and 9 are added to read as follows:

53 1. A special proceeding prescribed by this article shall be commenced
54 by the service of a petition and notice of petition. ~~[A notice of peti-~~
55 ~~tion may be issued only by a judge or the clerk of the court.]~~

1 7. Upon receipt of service of the petition, the owner shall provide to
2 the petitioners, within three days, a written list of all mortgagees and
3 lienors of which the owner is aware and addresses for each.

4 8. For the purposes of this article, a "mortgagee or lienor of record"
5 shall include only those mortgagees or lienholders whose interest is
6 recorded in a publicly accessible database or can be provided on request
7 by the municipal or county registrar, as long as the request includes,
8 at minimum, the address and borough, block, and lot number of the
9 subject dwelling, and follows the applicable rules and regulations of
10 the registrar of the county or municipality in which the property is
11 located for requesting such information.

12 9. Defects in service of notice to non-parties are not jurisdictional.
13 The court upon motion or sua sponte may adjourn the proceeding for five
14 days, or up to ten days if requested by petitioners, within which time
15 petitioners shall cure any defects identified by the court.

16 § 18. Subdivision 1 of section 796-d of the real property actions and
17 proceedings law, as added by chapter 677 of the laws of 2022, is amended
18 to read as follows:

19 1. Allege material facts showing that there exists in such dwelling or
20 any part thereof one or more of the following:

21 (a) a lack of heat, running water, light, electricity, adequate sewage
22 disposal facilities, or any other condition dangerous to life, health or
23 safety, which has existed for five days, or an infestation of rodents;
24 or

25 (b) a course of conduct by the owner or [~~his~~] the owner's agents of
26 harassment, illegal eviction, retaliation as defined by section two
27 hundred twenty-three-b of the real property law, interference with the
28 right of tenants to form, join or participate in tenants' groups pursu-
29 ant to section two hundred thirty of the real property law, continued
30 deprivation of services [~~or~~], other acts dangerous to life, health or
31 safety; or a business practice of neglect as defined in subdivision five
32 of section seven hundred ninety-six-b of this article.

33 § 19. Section 796-f of the real property actions and proceedings law,
34 as added by chapter 677 of the laws of 2022, is amended to read as
35 follows:

36 § 796-f. 1. Trial. Where triable issues of fact are raised, they shall
37 be tried by the court without a jury at the time when issue is joined;
38 provided, however, that the court [~~, in its discretion,~~] may grant [~~an~~] a
39 single adjournment of such trial [~~at~~] upon the request of [~~either~~] any
40 party who appears, if [~~it determines~~] the requesting party shows that an
41 adjournment is necessary [~~to enable either of the parties~~] to procure
42 the necessary witnesses, or upon consent of all the parties who appear.
43 Such adjournment shall not be for more than five days except by consent
44 of all the parties who appear.

45 2. The proceeding shall not be adjourned more than once at the request
46 of the same party except by consent of all the parties who appear, and
47 such adjournments shall not be for more than five days except by consent
48 of all the parties who appear.

49 3. The trial must take place each court day whenever the court is in
50 session until the conclusion of the trial, and accordingly no other
51 cases should be scheduled on the court's calendar for dates prior to the
52 anticipated conclusion of the trial, except by consent of all the
53 parties who appear or during adjournments pursuant to subdivision one or
54 two of this section.

1 § 20. Section 796-h of the real property actions and proceedings law,
2 as added by chapter 677 of the laws of 2022, is amended to read as
3 follows:

4 § 796-h. Judgment. 1. The court shall render a final judgment either:

5 (a) Dismissing the petition for failure to affirmatively establish the
6 allegations thereof or because of the affirmative establishment by the
7 owner or a mortgagee or lienor of record of a defense or defenses speci-
8 fied in section seven hundred ninety-six-g of this article; or

9 (b)(i) Directing that:

10 (A) the rents due on the date of the entry of such judgment from the
11 petitioning tenants and the rents due on the dates of service of the
12 judgment on all other residential and non-residential tenants occupying
13 such dwelling from such other tenants, shall be deposited with the
14 administrator appointed by the court, pursuant to section seven hundred
15 ninety-six-j of this article;

16 (B) any rents to become due in the future from all tenants occupying
17 such dwelling shall be deposited with such administrator as they come
18 due;

19 (C) such deposited rents shall be used, subject to the court's direc-
20 tion, to the extent necessary to remedy the condition or conditions or
21 course of conduct alleged in the petition; and

22 (D) upon the completion of such work in accordance with such judgment,
23 any remaining surplus shall be turned over to the owner, together with a
24 complete accounting of the rents deposited and the costs incurred; and

25 (ii) [~~granting~~] Directing the owner to provide written notice to the
26 court, court-appointed administrator, housing standards department, and
27 petitioning tenants within ten days of entering into a contract of sale
28 with a prospective purchaser of the premises; and

29 (iii) Granting such other and further relief as to the court may seem
30 just and proper.

31 2. (a) A certified copy of such judgment shall be served personally,
32 by the administrator appointed by the court pursuant to section seven
33 hundred seventy-eight of this article, upon each non-petitioning tenant
34 occupying such dwelling. If personal service on any such non-petitioning
35 tenant cannot be made with due diligence, service on such tenant shall
36 be made by affixing a certified copy of such judgment on the entrance
37 door of such tenant's apartment or other unit and, in addition, within
38 one day after such affixing, by sending a certified copy thereof by
39 certified or registered mail, return receipt requested, to such tenant.

40 (b) Any right of the owner of such dwelling to collect such rent
41 moneys from any petitioning tenant of such dwelling on or after the date
42 of entry of such judgment, and from any non-petitioning tenant of such
43 dwelling on or after the date of service of such judgment on such non-
44 petitioning tenant as herein provided, shall be void and unenforceable
45 to the extent that such petitioning or non-petitioning tenant, as the
46 case may be, has deposited such moneys with the administrator in accord-
47 ance with the terms of such judgment, regardless of whether such right
48 of the owner arises from a lease, contract, agreement or understanding
49 heretofore or hereafter made or entered into or arises as a matter of
50 law from the relationship of the parties or otherwise. It shall be a
51 valid defense in any action or proceeding against any such tenant to
52 recover possession of real property for the non-payment of rent or for
53 use or occupation to prove that the rent alleged to be unpaid was depos-
54 ited with the administrator in accordance with the terms of a judgment
55 entered under this section.

1 3. Neither the owner nor a court-appointed administrator shall, with-
2 out good cause, serve a notice to quit upon any tenant or commence any
3 action to recover real property or summary proceeding to recover
4 possession of real property, or substantially alter the terms of a
5 tenant's lease, including, but not limited to, refusing to continue a
6 tenancy of the tenant upon expiration of the tenant's lease, to renew
7 the lease or offer a new lease, or offering a new lease with a rent
8 increase equal to or greater than five percent above the current lease,
9 within one year of a judgment pursuant to this section; provided, howev-
10 er, that an owner shall not be required under this section to offer a
11 new lease or a lease renewal for a term greater than one year.

12 § 21. Section 796-i of the real property actions and proceedings law
13 is REPEALED.

14 § 22. Section 796-j of the real property actions and proceedings law,
15 as added by chapter 677 of the laws of 2022, is amended to read as
16 follows:

17 § 796-j. Appointment of administrator. 1.(a) The court is authorized
18 and empowered, in implementation of a judgment rendered pursuant to
19 section seven hundred ninety-six-h [~~or seven hundred ninety-six-i~~] of
20 this article, to appoint a person other than the owner, a mortgagee or a
21 lienor, to receive and administer the rent moneys or security deposited
22 with such owner, mortgagee or lienor, subject to the court's direction.

23 (b) The court may appoint the commissioner of the department charged
24 with enforcement of the housing maintenance code in the municipality
25 where the dwelling is located or the commissioner's designee as such
26 administrator, provided that the commissioner or the commissioner's
27 designee shall consent, in writing, to such appointment.

28 (c) Any administrator is authorized and empowered in accordance with
29 the direction of the court, to:

30 (i) order the necessary materials, labor and services to remove or
31 remedy the conditions specified in the judgment, and to make disburse-
32 ments in payment thereof;

33 (ii) demand, collect and receive the rents from the tenants of the
34 dwelling;

35 (iii) institute all necessary legal proceedings including, but not
36 limited to, summary proceedings for the removal of any tenant or
37 tenants;

38 (iv) to rent or lease for terms not exceeding three years any part of
39 said premises, however, the court may direct the administrator to rent
40 or lease commercial portions of a premises zoned for mixed commercial
41 and residential use for terms that the court may approve; and

42 (v) in accordance with the direction of the court, to accept and repay
43 such moneys as may be received from the department or departments
44 charged with enforcement of the housing maintenance code in the muni-
45 cipality or municipalities where the dwelling is located for the purpose
46 of managing the premises, replacing or substantially rehabilitating
47 systems or making other repairs or capital improvements authorized by
48 the court. All moneys expended by such department or departments pursu-
49 ant to the foregoing shall constitute a debt recoverable from the owner
50 and a lien upon the building and lot, and upon the rents and other
51 income thereof.

52 (d) Upon completion of the work prescribed in such judgment, the
53 administrator, shall file with the court a full accounting of all
54 receipts and expenditures for such work. The administrator shall dispose
55 of the rents and other monies deposited with such administrator accord-
56 ing to the following order of priority:

1 (i) payment in full for all of the work specified in the judgment,
2 fuel bills, fire and liability insurance, and bills for ordinary repairs
3 and maintenance, including correcting conditions in violation of the
4 law; until all of the work specified in the judgment has been completed
5 and payment for such work has been made, no other disbursements shall be
6 permitted[~~, except for fuel bills, fire and liability insurance, and~~
7 ~~bills for ordinary repairs and maintenance~~].

8 (ii) payment of a reasonable amount for the services of the adminis-
9 trator, including reimbursement of any legal fees incurred by the admin-
10 istrator in connection with management of the building.

11 (iii) payment of outstanding real property tax liens claimed by any
12 municipality in which the dwelling is located.

13 (iv) payment of outstanding emergency repair liens filed and recorded
14 by any municipality in which the dwelling is located and outstanding
15 liens filed and recorded by such municipality or municipalities pursuant
16 to this section.

17 (v) abatements for all tenants of up to twenty-five percent of rent
18 for the period during which the administrator is appointed. Nothing in
19 this paragraph shall prevent any tenant from prosecuting a claim in a
20 court of competent jurisdiction for breach of warranty of habitability;
21 however, any resulting relief from such claim will be reduced by the
22 amount of the abatement awarded herein.

23 (vi) payment to the owner of the dwelling of any surplus remaining
24 after payments of subparagraphs (i), (ii), (iii) [~~and~~], (iv) and (v) of
25 this paragraph have been made.

26 2. The court may allow from the rent moneys or security on deposit a
27 reasonable amount for services of such administrator.

28 3. The administrator shall furnish a bond, the amount and form of
29 which shall be approved by the court. In its discretion and for good
30 cause shown, the court may dispense with the necessity for a bond. The
31 cost of a required bond shall be paid from the moneys so deposited.

32 4. The administrator shall file a transcript of the judgment appoint-
33 ing [~~him or her~~] them with the clerk of the county in which the subject
34 premises is located within fifteen days of [~~his or her~~] their appoint-
35 ment.

36 5. The duties of the administrator shall not be affected by the
37 appointment of a receiver in an action to foreclose a mortgage on the
38 premises, except that the rights of the owner, including the right to
39 any surplus, pursuant to subparagraph [~~(v)~~] (vi) of paragraph (d) of
40 subdivision one of this section, shall pass to the receiver. The court
41 in which the action to foreclose a mortgage on the premises is pending
42 may appoint such administrator to serve as receiver in that action in
43 addition to [~~his or her~~] their duties as administrator pursuant to this
44 article.

45 6.(a) Such administrator shall be liable only in [~~his or her~~] their
46 official capacity for injury to persons and property by reason of condi-
47 tions of the premises in a case where an owner would have been liable;
48 [~~he or she~~] the administrator shall not have any liability in [~~his or~~
49 ~~her~~] such administrator's personal capacity.

50 (b) Appointment of an administrator pursuant to subdivision one of
51 this section shall not relieve an owner of liability for injury to
52 persons and property in such case.

53 7. No municipality shall be liable to any party, including the admin-
54 istrator or the owner of the dwelling, for injury to persons or property
55 by reason of conditions of the premises or the acts or omissions of the
56 administrator.

1 8. The commissioner of the department charged with enforcement of the
2 housing maintenance code in the municipality where the dwelling is
3 located shall promulgate rules and regulations regarding criteria for
4 the selection of administrators to be appointed pursuant to this section
5 and shall establish and maintain a list of organizations and persons
6 approved by such department. Any person appointed as an administrator
7 within such municipality shall be selected from among the organizations
8 and persons approved as administrators pursuant to such list, any organ-
9 izations or individuals submitted to the court for consideration by the
10 petitioning tenants pursuant to paragraph (a) of this subdivision, and
11 the petitioning tenants deemed to have sufficient knowledge and exper-
12 tise to serve as the administrator. A city, town or village may estab-
13 lish and maintain such list itself or elect to have such list estab-
14 lished and maintained by the commissioner of the department charged with
15 enforcement of the housing maintenance code in the county in which a
16 dwelling is located.

17 (a) Where a proceeding under this article is initiated by tenants, the
18 petitioning tenants shall have the right to submit to the court a list
19 of three preferred organizations and/or individuals selected from the
20 approved list of administrators provided that, if the tenants find no
21 organization or individual on the list to be suitable, the tenants may
22 nominate organizations or individuals outside of the list, including
23 from among the petitioning tenants, along with a summary of each nomi-
24 nee's experience and credentials, for consideration by the court.

25 (b) Where petitioning tenants have submitted preferred organizations
26 and/or individuals selected from the approved list of administrators,
27 the court must appoint an administrator from among the petitioning
28 tenants' preferred approved administrators absent good cause to the
29 contrary.

30 (c) Where petitioning tenants have not submitted preferred organiza-
31 tions or individuals or where the court declines to appoint an adminis-
32 trator from among the petitioning tenants' preferred administrators or
33 nominees, priority of appointment shall be given to not-for-profit
34 corporations formed for the purpose of preserving or developing afforda-
35 ble housing whenever there is no eligible for-profit organization or
36 individual that is clearly more competent.

37 9. (a) The administrator shall, within thirty days of appointment,
38 file with the court a plan for the provision of essential services and
39 for the correction of such other hazardous conditions as may exist at
40 the premises, specifying dates by which such services shall be provided
41 and such conditions corrected. If such administrator cannot provide such
42 services and correct such conditions by the dates specified in the plan,
43 ~~he or she~~ the administrator shall be required to file with the court
44 an amendment to the plan setting forth the reasons why such services and
45 corrections could not be provided by such date and specifying new dates
46 for such services and corrections. Such plan and any amendments to such
47 plan shall be provided to the tenants by mail or by posting in a common
48 area of the building and to the owner of record by mail.

49 (b) Where an organization has been appointed as the administrator,
50 such administrator shall promptly delegate the responsibilities to a
51 single individual and inform the court of such designation within thirty
52 days. Such person shall remain accountable to the court as the adminis-
53 trator's representative until the administrator's discharge.

54 10. (a) The court may only discharge an administrator if the owner
55 makes a prima facie showing that the conditions and course of conduct
56 which required the appointment of the administrator under this article

1 have been cured and that the owner has a detailed plan for the continued
2 maintenance and operation of the dwelling, the owner has paid in full or
3 entered into a payment agreement to pay in full all outstanding real
4 property tax liens claimed by any municipality in which the dwelling is
5 located, all outstanding emergency repair liens filed and recorded by
6 any municipality in which the dwelling is located and all outstanding
7 liens filed and recorded by such municipality or municipalities pursuant
8 to this section.

9 (b) A detailed plan for the continued maintenance of the operations
10 of the dwelling shall include sufficient submissions for the court to
11 evaluate the owner's willingness and ability to make repairs, including
12 specifying the repairs they will undertake, an estimated budget, a time-
13 table for doing so, identifying the source of funds for those expendi-
14 tures, and balance sheets or income statements.

15 (c) In assessing an owner's fitness for the continued maintenance and
16 operation of the dwelling, the court shall consider the conditions of
17 other properties owned or managed by the owner and shall not discharge
18 the administrator where it is found that the owner operates a separate
19 property or separate properties at a standard which is contrary to
20 public health and safety. The court may rely on the visually displayed
21 or the printed computerized violation files of the department responsi-
22 ble for maintaining such files and all other computerized data as shall
23 be relevant to the enforcement of state and local laws for the estab-
24 lishment and maintenance of housing standards.

25 11. (a) Where a judgment has been entered pursuant to this section,
26 the municipality must, within six months of such a judgment, certify a
27 finding pursuant to paragraph (c) of subdivision one of section nineteen
28 hundred seventy-one of this chapter.

29 (b) Where a finding of abandonment has been certified, the munici-
30 pality may commence a proceeding pursuant to section nineteen hundred
31 seventy-three of this chapter, or, in the alternative, authorize the
32 court-appointed administrator to sell the property to a purchaser
33 approved by the court pursuant to section seven hundred eighty-four of
34 this article.

35 (c) Notice of such authorization must be issued to all owners, mortga-
36 gors, lienors and lessees of record pursuant to section nineteen hundred
37 seventy-two of this chapter, as well as to all tenants of the subject
38 building.

39 (d) Any owner, mortgagor, lienor or lessee may challenge the authori-
40 zation of sale, provided that the burden of proof is on the challenging
41 party to demonstrate its capacity to resume control of the premises
42 pursuant to this subdivision.

43 § 23. Section 796-k of the real property actions and proceedings law,
44 as amended by chapter 24 of the laws of 2023, is amended to read as
45 follows:

46 § 796-k. Presentation or settlement of accounts. The court shall
47 require the keeping of written accounts itemizing the receipts and
48 expenditures for work performed under an order issued pursuant to
49 section seven hundred ninety-six-h [~~or seven hundred ninety-six-i~~] of
50 this article, which shall be open to inspection by the owner of the
51 dwelling, or any mortgagee or lienor or any other person having an
52 interest in such receipts or expenditures provided, however, that
53 notwithstanding any other provision of law to the contrary, such infor-
54 mation as may be in the possession of the department charged with the
55 enforcement of the housing maintenance code of the municipality shall be
56 available from such department for inspection only by the owner of the

1 dwelling, the tenant of the dwelling, or a person having a recorded
2 interest in the property. Upon motion of the court or the administrator
3 or of the owner, any mortgagee or lienor of record or of any person
4 having an interest, or the petitioning tenants, the court may require a
5 presentation or settlement of the accounts with respect thereto. Notice
6 of a motion for presentation or settlement of such accounts shall be
7 served on the owner, any mortgagee or other lienor of record who
8 appeared in the proceeding and [~~any person having an interest in such~~
9 ~~receipts or expenditures~~] the petitioning tenants.

10 § 24. Section 796-m of the real property actions and proceedings law,
11 as added by chapter 677 of the laws of 2022, is amended to read as
12 follows:

13 § 796-m. Defense of warranty of habitability inapplicable. Notwith-
14 standing any other provision of law, in any proceeding for the payment
15 of rent commenced by an administrator appointed pursuant to this arti-
16 cle, the provisions of section two hundred thirty-five-b of the real
17 property law pertaining to the warranty of habitability shall not be a
18 defense to such a proceeding for rent which accrues during the period of
19 time that a judgment or an order pursuant to this article is in effect,
20 unless the court determines that the conditions upon which such defense
21 is based were caused by the failure of such administrator to perform
22 [~~his or her~~] the administrator's duties in a reasonable manner. The
23 burden of showing performance of duties in a reasonable manner shall be
24 made by the administrator in such summary proceeding.

25 § 25. The real property actions and proceedings law is amended by
26 adding a new section 796-n to read as follows:

27 § 796-n. Waiver void. Any provision of a lease or other agreement
28 whereby any provision of this article for the benefit of a tenant, resi-
29 dent or occupant of a dwelling is waived, shall be deemed against public
30 policy and shall be void.

31 § 26. This act shall take effect on the one hundred eightieth day
32 after it shall have become a law; provided, however, that the amendments
33 to subdivision 10 of section 778 of the real property actions and
34 proceedings law made by section nine of this act shall not affect the
35 repeal of such subdivision and shall be deemed repealed therewith.