NEW YORK STATE SENATE
NYSENATE.GOV

MAJORITY CONFERENCE COUNSEL & PROGRAM
Rent Regulation & Tenant Protection.

To: Members of the Senate Democratic Majority
From: Senate Majority Program & Counsel Staff
Date: June 28, 2019
Re: Housing Stability and Tenant Protection Act of 2019 Summary

---

EXECUTIVE SUMMARY

This memorandum provides background on the prior rent regulation regime and the changes made by the Housing Stability and Tenant Protection Act of 2019, which was enacted on June 14, 2019. The new law is statewide and generally took effect immediately, though some of its reforms will require the promulgation of new rules and regulations by the Division of Housing and Community Renewal (DHCR), and the part creating new tenant protections outside of rent regulation will take effect immediately unless otherwise noted.

New requirements and limitations created by the Act are prospective and there are no retroactive provisions. Where rent increases were approved for previous work before the enactment of the new law, the law's new rules will govern such increases going forward.

POLICY OVERVIEW

Historical Background

It is a generally accepted standard among housing advocates and government agencies, including the U.S. Department of Housing and Urban Development (HUD), that families should pay no more than 30% of their income in rent so that they have enough money to pay other bills. Analyzing 2017 American Community Survey data, the Fiscal Policy Institute found that 46% of New York State renters are rent burdened, paying in excess of 30% of their household income. The expanding gap between wages and housing costs have reduced rental affordability in many housing markets across the country and in New York, while overall demand for rental housing has grown in the wake of the Great Recession.

Advocates of rent regulation argued that the housing market features profound power imbalances between renters and rental property owners, especially in the context of tight housing markets with low vacancy rates. Advocates argued further that the system was compromised by the weakening of protections and the creation of several major loopholes and perverse incentives in recent decades, which accelerated rent increases, tenant turnover, and the deregulation of a large fraction of the regulated housing stock. Rental building owners argued in response that

limitations on rent increases reduced their revenue, making it harder to remain in business and provide quality housing.

By granting tenants long-term price stability and a right to lease renewals, rent regulation can create housing security when it would otherwise be eroded by unregulated market forces that do not prioritize housing for lower- and middle-income tenants. The Housing Stability and Tenant Protection Act of 2019 was crafted to strike a balance between tenant protections and market stability, while eliminating the loopholes and perverse incentives that led to abuses, rapid rent increases, and the loss of roughly 300,000 units from regulation.

History of Rent Regulation in New York State

While there has been some form of rent regulation in New York since the 1800s, modern rent regulation refers to the "rent control" and "rent stabilization" systems. Rent control is a legacy system covering a stock of roughly 20,000 units built before 1947, where the current tenant has continuously resided in the unit since at least 1971 or succeeded a close family member who resided in the unit since that time. Rent stabilization refers to the system created by the New York State 1974 Emergency Tenant Protection Act (ETPA). The ETPA established an opt-in framework for New York City (City) as well as local governments in Nassau, Westchester, and Rockland counties. The bulk of regulated units now fall under this law. The ETPA was enacted with a sunset date and has been periodically renewed and extended, with amendments. Prior to the Housing Stability and Tenant Protection Act of 2019, which modifies and permanently extends the ETPA, the most recent renewal process had resulted in the Rent Act of 2015, which extended the rent laws until June 15, 2019.

Rent Stabilization

In general, the rent stabilization system creates a right of lease renewal for tenants in covered units and a maximum amount of rent that may be charged to a tenant, often referred to as the "legal rent," "registered rent," or "legal registered rent." This legal rent is registered with DHCR and increases as a result of the lease renewal increase percentages promulgated annually by a Rent Guidelines Board (RGB) composed of appointees representing the interests of tenants, landlords, and the public. The RGBs issue their annual increase guidelines based on factors such as changes in landlords' operating costs and tenant affordability. The City and each of the three counties that have opted in have separate RGBs.

This system governs approximately 966,000 units in the City, or approximately 45% of the City rental market, and an additional 38,000 rent-regulated units in the other jurisdictions.[1]

The bulk of these units are in the system because they meet a statutory definition (buildings of six or more units constructed before 1974) and have not met the requirements to be decontrolled. Some may have been converted from the legacy "rent control" system mentioned above, which

[1] See pg. 7: https://www.cssny.org/publications/entry/rent-regulation-in-new-york-city

is governed under different rules. Others are in the system on a temporary and/or opt-in basis as a condition of tax abatements, government financing, or participation in other subsidy programs.

Under the prior law, rent could be raised beyond the allowable annual increase set by the RBG in a number of ways. When a unit became vacant, the owner could take a 20 percent increase to the legal rent ("vacancy bonus"), plus an additional percentage based on the length of the prior tenancy. Additionally, owners who spent money on major capital improvements (MCIs) or individual apartment improvements (IAIs) could increase rents permanently according to a formula based on the cost of the improvements. Pursuant to the Housing Stability and Tenant Protection Act of 2019, these MCI and IAI increases are now temporary and subject to stricter limits.

As mentioned above, the rent stabilization system was modified in the 1990s to allow owners to deregulate units under certain circumstances. These provisions were known as "vacancy decontrol" and "high-income (or luxury) decontrol." Apartments with legal rents exceeding a statutory threshold could exit the regulation system and re-enter the unregulated market. As of January 1, 2019, a unit could be deregulated once its legal rent exceeded $2,774.76 (this figure was slightly different for units in non-City counties, as the Rent Act of 2015 indexed this threshold to each RGB's annual rent increases) and it either became vacant or its tenant's household adjusted gross income exceeded $200,000 for two consecutive years. Apartments in buildings receiving certain real estate tax benefits (*e.g.*, 421-a or J-51) were not eligible for vacancy or high-income decontrol as long as the landlord continued to receive the relevant benefits. Since the enactment of vacancy decontrol in 1994, the City lost roughly 160,000 units as a result of the policy. This was by far the single largest cause of the loss of regulated units during this period, representing more than half of the roughly 300,000 units lost from the system. The Housing Stability and Tenant Protection Act of 2019 eliminated both vacancy decontrol and high-income decontrol.

Rent Control

Apartments subject to rent control are much rarer than rent-stabilized apartments. As of 2017, the City had just 21,751 rent-controlled units.[2] Maximum rents under rent control are governed by the Maximum Base Rent (MBR) formula. The MBR is calculated to ensure that the rent from rent controlled units covers the cost of building maintenance and improvements. The rent that an owner actually collects is called the Maximum Collectible Rent (MCR), which under the prior law, could be raised by up to 7.5% per year, upon application by the owner, until it reached the MBR ceiling. Most rent-controlled tenants pay the MCR, not the MBR, which is usually much higher. However, this meant that under the prior law these tenants, who are often elderly, could have faced rent increases of 7.5% per year for many years running. In contrast, rent-stabilized units were given one-year increases of 0% to 4.5% over the past ten years. The Housing Stability and Tenant Protection Act of 2019 replaces the 7.5% rent increase cap, instead capping MCR increases at the rolling five-year average of RGB one-year lease renewal increases.

[2] https://www1.nyc.gov/assets/rentguidelinesboard/pdf/18HSR.pdf

When a unit leaves rent control and enters the rent stabilization system, the new legal rent is based on the MBR.

THE HOUSING STABILITY AND TENANT PROTECTION ACT OF 2019

Part A. Extend the Rent Regulations Laws and Makes them Permanent

Rent Regulation laws have been scheduled to expire every four to eight years since their inception and the State Legislature has had to continue extending the laws to keep them in place. This provision makes the rent regulation system permanent, so they will not sunset at any time in the future without an act of the Legislature to repeal or terminate them.

Part B. Repeal the Vacancy Bonus & Longevity Bonus

This part repeals the "vacancy bonus" provision that allows a property owner to raise rents as much as 20% each time a unit becomes vacant. Proponents of this repeal saw the vacancy bonus as an incentive for property owners to force tenants out of units as often as possible, not only to increase rent collection but also to reach the legal regulated rent threshold for vacancy decontrol. This part also eliminates "longevity bonuses," which raised rents an additional 0.6% per year once a tenant had lived in the unit for at least eight years.

Part C. Prohibit Rent Guidelines Boards From Setting Vacancy Bonuses and Class-Specific Renewal Increases

This part repeals the provisions granting local rent guidelines boards the authority to set a vacancy bonus. Prior to the enactment of the statutory vacancy bonus, rent guidelines boards regularly set their own vacancy bonuses. This part ensures that there are no vacancy bonuses set after the statutory bonus is repealed.

In 2010, the Court of Appeals upheld a New York City Rent Guidelines Board annual increase formula that set higher rent increases for tenants with low rents and long term tenancies. This part prohibits increases based on the current rental cost of a unit or the amount of time since the owner was authorized to take additional rent increases like a vacancy bonus.

Part D. Repeal High Rent Vacancy Deregulation & High Income Deregulation

This provision repeals the "vacancy decontrol" laws that allow units to leave rent stabilization when they are vacated and the legal regulated rent exceeds the statutory high-rent threshold. Vacancy decontrol has facilitated the exit of nearly 300,000 units from regulation in New York City since its creation in 1994.

This part also repeals the provisions that allow units to leave rent stabilization when the rent crosses the high-rent threshold and the tenant's income was $200,000 or higher in the preceding two years. This provision has led to the deregulation of nearly 6,500 units since 1994.

This law does not reregulate any units were legally deregulated. It is also effective immediately, so pending applications for deregulation are no longer eligible.

Part E. Make Preferential Rents the Base Rent for Lease Renewal Increases
This part prohibits owners who have offered tenants a rent below the legal rent (a "preferential rent") during a lease term to raise the rent to the full legal regulated rent upon renewal, going forward. Tenant advocates have argued that owners can use preferential rent increases to cause the tenant to vacate the unit, giving the owner an opportunity to also take a vacancy bonus, and bring their legal rents closer to the high rent threshold for vacancy decontrol.

Under this Act, when the lease is due for renewal, the owner will use the preferential rent as the base rent for increases authorized by the Rent Guidelines Board or the Division of Housing and Community Renewal. Once the tenant vacates, the owner could charge up to the full legal regulated rent, so long as the tenant did not vacate due to the owner's failure to maintain the unit in habitable condition. Owners with rent-setting regulatory agreements with federal or state agencies will still be permitted to use preferential rents based on their particular agreements.

Part F. Extend Rent Overcharge Four-Year Look-Back Period to Six or More Years
Under the prior law, a tenant claiming to have been charged more than the legal rent by a landlord could only consider records for the preceding four years to establish the legal rent and the amount of the overcharge; landlords were only liable for two years of overcharges. This part extends the four-year look-back period to six or more years as reasonably necessary to determine a reliable base rent. It also extends the period for which an owner can be liable for rent overcharge claims from two to six years, and no longer allows owners to avoid treble damages if they voluntarily return the amount of the rent overcharge prior to a decision being made by a court or The Division of Housing and Community Renewal (DHCR). This Act also allows tenants to assert their overcharge claims in court or at DHCR and states that while an owner may discard records after four years, they do so at their own risk.

Part G. Establish the Statewide Tenant Protection Act of 2019
This part removes the geographical restrictions on the availability of the rent stabilization laws. Under the Act, any city, town or village is able to opt in to rent stabilization under the Emergency Tenant Protection Act. Other than existing RGBs, the county where the municipality opting in is located is required to establish a Rent Guidelines Board to establish the starting rents and authorize rent increases. The new RGB members would be appointed at the recommendation of the municipality opting into the system, and would be revisited if any additional municipalities within the county opt in later.

To be eligible, the local municipality must conduct a housing vacancy study to determine whether there is a housing emergency in the locality, which is defined as a vacancy rate of 5% or less in the housing stock that would become rent stabilized. In general, buildings are only eligible for coverage if they contain six or more units, were built before 1974, are not owned, operated, aided, or managed by a government entity, and are not operated for charitable purposes on a non-profit basis. New construction and substantially renovated buildings are not eligible for rent stabilization.

Part H. Relief from Large Rent Increases for Rent-Controlled Tenants
This part caps Maximum Collectible Rent (MCR) increases at a level equal to the average of the five most recent Rent Guidelines Board rent increases for 1-year rent stabilized renewal leases. Previously, the MCR could be raised by up to 7.5% each year, upon application by the owner. This part does not change the Maximum Base Rent (MBR) system, which sets the full legal rent. This part also prohibits fuel pass-along charges, which will be implemented administratively by DHCR.

Part I. Reform Owner Use Exception to Rent Regulation
This part reforms the "owner use" provision which allows owners to refuse to renew a rent regulated tenant's lease so the owner can retake possession of the apartment for their personal use. This Act restricts the use of this provision to a single unit and requires that the owner or their immediate family use the unit as their primary residence. Personal-use recovery of a unit is not permitted when the rent-regulated tenant is 62 years of age or older, is disabled, or has lived in the apartment for 15 years (reduced from 20 years under the prior law).

Part J. Keep Apartments Rented by Nonprofits in the Rent Stabilization System
This part limits the temporary non-profit exception to rent stabilization by requiring units to remain rent stabilized if they are provided to individuals who are or were homeless or are at risk of homelessness. The Act also gives individuals permanently or temporarily housed by nonprofits in such units status as tenants. In addition, this Act helps ensure units used for these purposes remain rent stabilized.

Part K. Reform Rent Increases for Major Capital Improvements (MCIs)
Under the prior law, MCIs were permanent additions to the legal regulated rent calculated by dividing the amount of money the owner spent on the MCI by an amortization period of 96 or 108 months depending on the size of the building and then by the number of rooms in the building. For stabilized tenants, if the MCI increase was more than 6% of the rent, the increase was capped at 6% for the current tenant and was phased in over multiple years until the entire amount was added to the legal rent. (Outside of New York City, the cap was 15% instead of 6%.) Increases were retroactive to the date of application for stabilized tenants. For rent-controlled tenants, rents could be increased up to 15% per year, but there could be no retroactive charge.

This part enacts comprehensive reforms to the Major Capital Improvements (MCI) system, which allows for rent increases based on the cost of a building-wide improvement. These reforms include:

- Lowering the cap on all MCI rent increases to 2% of rent, from 6% of rent or 15% of rent
- Applying the 2% cap to any MCI approved over the past 7 years that has not been fully phased into the legal regulated rent;
- MCI increases are treated as part of the base rent, but they end after 30 years from being approved.
- Limiting MCI approvals to work for essential building functions and other improvements (e.g. heat, plumbing, windows, roofing). Spending on maintenance is explicitly excluded.

- Limiting spending to DHCR's forthcoming schedule of reasonable costs of improvements.
- Prohibiting approval when an owner has hazardous violations in the building, so as to force owners to address violations before taking on less critical improvements.
- Eliminating retroactive pre-approval rent increases so MCI rent increases are only prospective.
- Requiring DHCR to audit and inspect work on a minimum of 25% of approved MCIs per year to prevent fraud, including conducting in-person inspections.
- Lengthening the amortization period from 8 to 12.5 years for small buildings and from 9 to 12 years for large buildings. Combined with the lowered cap on MCI rent increases, this will substantially reduce rent increases paid by tenants.

Part K. Reform Rent Increases for Individual Apartment Improvements (IAIs)
This part reforms the provision permitting a permanent rent increase for individual apartments when there has been a substantial modification or increase of the unit space or increase in the services, installation of new equipment, or new furniture with the written consent of the tenant or when the apartment is vacant. Under the prior law, individual apartment increases were based on the total cost of the improvement (with no limits except for financing costs) and the size of the building.

This part would limit the frequency and amount of IAI increases and make them temporary rather than permanent. IAI increases would be limited to substantial modifications made up to three separate times in a 15 year period, for an amount not to exceed a total of $15,000. The improvements will amortize over a 14- or 15-year period, depending on building size, and will come off the legal rent in 30 years.

Part L. Require Annual Report From DHCR on Rent Administration & Tenant Protection
This part requires the Division of Housing and Community Renewal to submit an annual report on the programs and activities undertaken by the Office of Rent Administration and the Tenant Protection Unit regarding implementation, administration, and enforcement of the rent regulation system. The report must also include data points regarding the number of rent stabilized units within each county, applications and approvals for major capital improvements, units with preferential rents, rents charged, and overcharge complaints.

Part M: Establish the "Statewide Housing Security and Tenant Protection Act of 2019."
This part makes significant and wide-ranging changes to the law surrounding conditions of tenancy, procedures for eviction, protections against retaliatory eviction, and post-judgment protections for tenants. It also creates a temporary commission appointed by the Governor, Temporary President, and the Speaker to study and report on the impact of changes made in the Act, with recommendations for future improvements. The report will be due on December 31, 2022. The provisions of this Act apply to all residential rental units throughout the state, except where otherwise noted.

Protections Before and During Tenancy

The Act makes several changes to protect tenants and rebalance the negotiating power between the parties in terms of the actual tenancy or lease by doing the following:

- Prohibits landlords from refusing to rent to a tenant because the tenant was involved in a prior landlord-tenant dispute, ending the use of the so-called "tenant blacklist." It will be unlawful to refuse to rent to a tenant because the tenant was involved in a landlord-tenant dispute or eviction proceeding. There will be a rebuttable presumption that a landlord has discriminated against a tenant if there is evidence the landlord requested information from a tenant screening bureau or otherwise inspected court records. The Attorney General will enforce the law and violations will result in fines of between $500 and $1,000 per violation. The Act also bans the Office of Court Administration from selling housing court records and requires the court to seal the record of eviction if it is due to a foreclosure on the building. (Takes effect on July 14, 2019)
- Prohibits landlords from charging application fees, except the actual cost of background and credit checks up to $20. If the landlord charges a potential tenant for a background or credit check, the landlord must provide a receipt and a copy of the report. If the tenant provides their own copy of a recent report, the landlord cannot charge a fee.
- Limits security deposits to one month's rent and provides required procedures to ensure the landlord promptly returns the security deposit. (Takes effect July 14, 2019). Before the tenant moves in, the landlord must offer to inspect the apartment with the tenant and document any existing defects or damages. Before the tenant moves out, the landlord must offer another inspection to provide the tenant with notice of damages and defects the tenant must cure to avoid retention of the security deposit. After the tenant moves out, the landlord must return the security deposit within 14 days with an itemized statement setting forth the reasons for any retention, and the landlord can only retain a portion of the security deposit for the following reasons:
    - Non-payment of rent;
    - Damage caused by the tenant beyond normal wear and tear;
    - Non-payment of utility charges payable to the landlord under the terms of the lease; and
    - Moving and storage of the tenant's belongings.
- Limits late fees to $50 or 5% of the monthly rent, whichever is less, and prohibits landlords from charging a late fee unless the rent is at least five days late.
- Enhances the prior requirement that a landlord provide a written receipt for rent payments made in cash by requiring that the landlord issue the receipt immediately if the tenant pays in person or within fifteen days if the tenant pays indirectly. The landlord will also be required to keep records of all cash receipts for at least three years. Furthermore, under the law previously, a tenant was required to request a receipt for a check payment with each payment, but this Act will provide that the request is deemed in effect for the duration of the tenancy. Finally, the Act requires that if the landlord does not receive the rent within five days of the due date, the landlord must send written notice of the failure to receive rent to the tenant by certified mail, and failure to serve the notice may be used as an affirmative defense in an eviction for non-payment of rent.
- Requires the landlord to provide written notice to the tenant when the landlord intends to

increase the rent more than 5% or does not intend to renew the lease. The notice period will depend on the length of the tenancy. A tenancy of less than one year will require 30 days' notice, a tenancy of between one and two years will require 60 days' notice, and a tenancy of more than two years will require 90 days' notice. If the landlord fails to provide the required notice, the tenancy will continue under the existing terms for the length of the notice period beginning when actual notice is served. (Takes effect on October 12, 2019)

- Requires landlords to take good faith reasonable and customary steps, according to their resources and abilities, to re-rent the unit if the tenant breaks the lease. If the landlord rents the unit, it will reduce any damages the previous tenant owes to the landlord.

Protections During Eviction

The Act also includes a wide variety of protections for tenants during the eviction process:

- Strengthens protections against retaliatory evictions:
    - Previously, a landlord could not retaliate for a good faith complaint to a government authority about a landlord's violation of law. The Act also prohibits retaliation based on a complaint to the landlord and ensures the basis for a complaint also includes breaches of the warranty of habitability or duty to repair.
    - The Act provides that offering a new lease with an unreasonable rent increase may constitute a form of retaliation.
    - The Act strengthens the presumption that a landlord acted in a retaliatory manner if the landlord brings a proceeding after a triggering event. Under prior law, an eviction was presumed retaliatory if the eviction occurred within six months of the tenant's complaint or the tenant bringing a legal or administrative action to enforce the tenant's rights. This Act extends that period to one year and includes any action taken by the tenant to secure the tenant's rights, not just legal or administrative proceedings. The Act also removes existing exceptions to the presumption for evictions based on violation of the terms of the lease, including non-payment of rent. Once the presumption attached under prior law, the landlord could overcome it by simply providing a credible explanation of a non-retaliatory motive. The Act requires the landlord to establish that motive by a preponderance of the evidence to overcome the presumption.
    - Under prior law, the tenant had to affirmatively prove that the landlord would not have otherwise commenced an eviction except for the retaliatory motive. The Act removes that requirement and simply allows the tenant to prove that the landlord is acting in retaliation.
    - The Act allows tenants to recover attorney's fees and costs if successful.
    - Under prior law, if a tenant proves a retaliatory eviction, the court could order the landlord to renew the tenant's lease for up to one year, but could not require a further extension after that. This Act retains the one-year limit for the initial renewal, but it allows the court to order a further extension in the court's discretion.
- Requires landlords to bring an eviction proceeding to remove any lawful occupant from the unit. This may include roommates who are not on the lease, or successors to the lease

who have not yet officially taken over the lease. Furthermore, where a tenant dies and leaves successors to the lease, if the estate owes rent, a case will be brought that includes the estate and the potential successors (and not the beneficiaries who may have no connection to the apartment). If the tenant owes rent at the time of death, the landlord will only be able to bring a claim against the estate. The successors cannot be evicted for the rent the tenant owed at the time of his or her death.

- Creates the crime of unlawful eviction, prohibiting illegal lockouts or use of force to unlawfully evict. In New York City, it is illegal to evict or attempt to evict a lawful occupant by using or threatening the use of force, cutting off essential services such as electricity, water or heat to the unit, removing the tenant's belongings, removing the door, or illegally locking the tenant out. It is also illegal for an owner to fail to restore the tenant to occupancy if the tenant vacated the unit due to an unlawful eviction. Unlawful eviction is a Class A Misdemeanor and also punishable by a civil penalty of between $1,000 and $10,000 per violation, plus $100 per day the tenant is displaced from the unit for up to six months. This Act applies these criminal and civil penalties for unlawful eviction statewide.
- Prohibits landlords from considering any fees, charges or other penalties as "additional rent" for the purposes of eviction proceedings. This ensures that if the tenant has paid the regular monthly rent, the tenant's failure to pay a late fee or other charge would not constitute non-payment of rent sufficient to bring an eviction.
- Requires landlords to provide a written demand of any unpaid rent with 14 days' notice before bringing an eviction proceeding for non-payment of rent. This demand must be delivered in the same manner as a notice of petition for eviction, which generally requires personal service on the tenant. The demand is separate from the notice of failure to receive payment required by a different part of this Act. The demand may be served as soon as the rent is late. The Act also prohibits landlords from being able to consent to not bring a non-payment proceeding and then revoke that consent at will.
- Provides the tenant 5 more days between receiving notice of an eviction proceeding and the first hearing on the eviction (Takes effect on July 14, 2019):
    - In New York City non-payment actions, extends the time within which the respondent must answer the petition from within 5 days of service of the notice of petition to within 10 days of service.
    - Outside of New York City, extends the window for when the hearing on a non-payment petition can be held to at least 10 and no more than 17 days after notice. Under prior law, the hearing was held between 5 and 12 days after notice.
- Provides the tenant with a right to at least one adjournment of at least 14 days. The court has discretion to order additional adjournments. Under prior law, all adjournments were in the court's discretion, but the tenant had to prove the adjournment is necessary to procure witnesses and the adjournment was limited to ten days, unless the parties otherwise consented. (Takes effect on July 14, 2019)
- Reforms the procedures for payment of use and occupancy during proceedings in New York City (Takes effect on July 14, 2019):
    - Under prior law, after the first adjournment or 30 days from the first court date, whichever occurs sooner, the landlord could orally apply to the court for the tenant to deposit use and occupancy (rent) with the court, and the court had to

direct the tenant to deposit all the rent that has come due since the court papers were served on the tenant with the court. This Act only charges the first adjournment against the tenant if it was granted solely at the tenant's request, extends the 30-day period to 60 days, and requires the landlord to make the application by motion served on the tenant. It also grants the court discretion to order the use and occupancy, rather than making it mandatory.

- Formerly, if the tenant was a recipient of public assistance, the court could only order the tenant to pay the public assistance shelter allowance. If the tenant is a recipient of supplemental security income (SSI), the court could only order the tenant to pay one-third of their SSI income. This Act clarifies that the court can order less than one-third of the SSI income and also requires that a court may not order the tenant to pay more than one third of any pension income.
- Formerly, the tenant had a defense to the landlord's application if they could establish that the person starting the case is not the owner or agent, they have been forced out of the apartment or, if they voluntarily vacated, they are a recipient of public assistance and the Department of Social Services has decided to stop payment to the landlord due to poor conditions in the apartment, or that the court lacked jurisdiction. This Act expands the defenses to include serious violations of the housing maintenance code.
- Formerly, if the tenant could establish any defenses and did not pay, the court was required to dismiss any defenses or counterclaims that the tenant may have had in the case and grant judgment for the landlord. If the tenant made a deposit but failed to make a later payment, the court could order an immediate trial. The court was also not allowed to extend any time for payment without the consent of the landlord. Under this Act, the court can no longer dismiss all of a tenant's defenses, but upon the landlord's oral application, the court may order an immediate trial. The court can also extend the time to make a deposit for good cause.
- Under the Act, if the court grants the motion, the use and occupancy order can no longer include the rent accrued retroactive to the date the initial court papers were served. Instead, rent accrues after the court issues its order. The monthly amount to be deposited is limited to the regulated rent, the tenant's share of the rent where they have a rent subsidy, or the tenant's former share of the rent if their subsidy is expired and they have not entered into a new agreement to pay a higher rent.
- Finally, the Act repeals a provision that allows direct payment of undisputed use and occupancy to landlords where the tenant lives in a building of twelve or fewer units.

- Requires the landlord to accept a payment of the full amount of rent due at any time prior to the hearing on a non-payment eviction petition. If the tenant makes the payment, it will render the non-payment proceeding moot.
- Requires the court to stay non-payment proceedings if the landlord's failure to pay utilities leads to the discontinuance of the utilities until the services are restored. Before, this stay was only required for multiple dwellings.
- Allows the tenant to answer a non-payment eviction petition at the hearing. Formerly, if the landlord serves the petition at least eight days before the hearing, the tenant must make the answer at least three days before the hearing.

Post-Judgment Protections

If the landlord wins an eviction proceeding, the Act puts into place new protections and strengthens existing protections to help reduce disruption and instability for the tenant:

- Prohibits landlords from recovering attorneys' fees upon a default judgment, regardless of whether the lease states otherwise.
- Expands the ability of the court to stay an eviction if the tenant cannot find a similar suitable dwelling in the same neighborhood after due and reasonable efforts or if the eviction would cause extreme hardship:
    - In New York City, the court may order a stay issuance of the warrant of eviction under certain circumstances. This Act expands that ability statewide and authorizes the stay in more types of proceedings. Outside of New York City, "neighborhood" will mean either the same city, town, or village, or, if the tenant has school-aged children, the same school district.
    - The Act extends the maximum length of a stay from six months to one year.
    - The Act removes the restrictions on the types of proceedings the stay may be issued in. Under prior law, the court could only issue a stay in holdover proceedings or where a new lessee is entitled to possession.
    - The Act requires the court to consider the following factors when determining if an eviction would cause extreme hardship: serious ill health, significant exacerbation of an ongoing condition, a child's enrollment in a local school, and any other extenuating life circumstances affecting the ability of the tenant or the tenant's family to relocate and maintain quality of life. The court must also consider any substantial hardship on the landlord.
    - Under prior law, the stay was only effective if the tenant continued to pay rent for the occupancy as directed by the court, and the court had to also require the tenant to pay any outstanding rent arrears. This Act provides the court discretion as to whether to require the payment of rent arrears. This assists tenants where it may be unjust or impossible to require rent arrears, such as a situation where a tenant became disabled and missed several months of payments or where a tenant withheld rent due to a breach of the warranty of habitability and won a rent abatement, but not for the entire amount withheld.
    - Under the prior law, the court could not issue a stay if the landlord shows to the satisfaction of the court that either (i) the landlord has a good faith intention to demolish the building and build a new one, and the plans for the new building have already been filed and approved, or (ii) in a holdover proceeding, the tenant is "objectionable." An objectionable tenant is one whose conduct substantially interferes with the comfort and safety of neighbors. This Act removes the categorical exception for intention to demolish the building and leave that within the court's discretion, and it clarifies that the landlord must establish that the tenant is objectionable by competent evidence.
    - Finally, the court was required to grant a 10-day stay in an eviction for breach of the lease to provide the tenant an opportunity to cure the breach. This Act extends that mandatory stay to 30 days.

- Requires that the warrant of eviction state the earliest date on which the execution may occur under the court order, provides that the warrant only authorizes removal of persons named in the proceeding, and authorizes the court, upon good cause shown, to also issue a stay of re-letting or renovating the premises for a reasonable period of time. The stay on re-letting or renovation is necessary in cases where a tenant is likely to be restored to occupancy of the unit using a rent subsidy program, but the landlord begins tearing up the apartment so the tenant cannot move back in.
- Extends the required notice before executing a warrant of eviction from 72 hours to 14 days.
- Directs the court to vacate a warrant of eviction for non-payment if the tenant pays the full amount of rent due before the warrant is executed, unless the tenant withheld rent in bad faith.

Part N. Co-Op/Condo Conversion Reform
Under the co-op/conversion law, owners of rent-regulated buildings can seek to convert to a co-op or condo building. The conversion happens in three stages.

Under the prior law, during the first stage, the owner would submit an application to the Attorney General demonstrating a vacancy rate below 10% and indicate whether they intended to proceed using an eviction plan or a non-eviction plan. In an eviction plan, the owner would need to obtain purchase agreements for 51% of the units for the conversion to become effective. The non-purchasing tenants then lost their rent-stabilized status and had to vacate within 3 years. Under a non-eviction plan, the owner would need to obtain purchase agreements for 15% of the units and non-purchasing tenants remained rent regulated but the unit was deregulated when they left.

During the second stage, the Attorney General would review and approve or deny the application to convert. During the final stage of the process, the owner would then market and obtain purchase agreements for the requisite number of apartments depending on the eviction or non-eviction plan. Once the requisite number was reached, the conversion became effective.

This part eliminates the eviction plan option and institutes the following reforms for non-eviction plans:
- The purchase agreement requirement must be met through purchases by tenants in occupancy.
- The purchase agreement requirement is increased to 51% (from 15% currently).
- Extends protections to market rate senior citizens and people who are disabled.
- For market tenants during conversion, evictions are permitted only for good cause, where an unconscionable rent increase does not constitute good cause.

Part O. Mobile and Manufactured Home Park Tenant Protections
Mobile and manufactured homes (MMH) are a critical component to solving the affordable housing crisis in upstate and rural communities across New York State. These provisions implement sweeping changes to protect MMH owners who rent plots of land from a park owner

or operator and MMH tenants wishing to rent to own a home already situated on a plot of land, to prevent displacement and park owner/operator abuses.

- Limits rent increases, including fees, rents, charges, assessments and utilities, to 3% annually, except if the increase is justifiable, and sets a justifiable cap on rent increases at 6% unless an application for a temporary hardship allowance is granted by DHCR.
- Establishes new Rent-to-Own provisions that would protect MMH tenants wishing to purchase a home from a MMH park owner or operator, similar to rent to own rights for "stick built" homes.
    - The park owner/operator cannot enter into a rent to own contract on an MMH unless they have sufficient documentation to establish ownership and a right to sell the MMH.
    - Rent-to-Own contracts must include enough specificity that the home is identifiable under the description and lot where it is situated.
    - Prohibits hidden fees or charges at the completion of the contract if they were not included or listed in the original contract. Park owners/operators have to provide an itemized accounting at least one time per year, or within 10 days upon request.
    - Establishes a way to determine the fair market value of the MMH.
    - Requires the park owner/operator to retain responsibility for the warranty of habitability, including major repairs and capital improvements for the duration of the contract, until ownership of the MMH is transferred.
    - Prohibits unjustifiable rent increases on MMH rent to own tenants, limits increases to those made park-wide.
    - If the MMH tenant's tenancy is terminated by the owner/ operator, all payments made toward the Rent-to-Own contract must be refunded, less the actual rent.
    - If a park owner/operator violates the terms of these provisions, the MMH tenant can cancel the contract, and can sue the owner/operator for damages.
- Adds a Homeowner's/ MMH Park Tenant Rights rider for all leases.
- Strengthens protections against evictions, including for seasonal residents who reside in an MMH park for less than 12 months of the year.
    - The prior law prohibited an eviction except if the park owner/operators has good cause; this provision removes instances where a MMH owner remains on the parcel beyond the term of the lease as good cause alone.
    - Removes a loophole that allows park owners/ operators to deny leases to MMH owners if the MMH owner is not in "good standing."
- Creates new protections for MMH owners if a park owner/operation decides to change the use of the park, or sells it to be converted to a new use:
    - MMH owners would be paid a stipend of up to $15,000 when they are evicted for the conversion of the use of the park parcels the home is situated on, as determined by a court, for reasonable costs of moving or relocating the home.
    - MMH would have 2 years notice of a proposed change of use before they can be evicted.