

1 Mount Vernon city school district, the state division of budget, the  
2 office of the state comptroller, the commissioner of education, the  
3 chair of the assembly ways and means committee and the chair of the  
4 senate finance committee.

5 § 12. This act shall take effect immediately, provided, however, that:

6 (a) sections one through ten of this act shall expire and be deemed  
7 repealed June 30, 2027; and

8 (b) section eleven of this act shall expire and be deemed repealed  
9 June 30, 2054.

10 PART GG

11 Section 1. The general business law is amended by adding a new section  
12 352-eeeeee to read as follows:

13 § 352-eeeeee. Conversions to condominium ownership for the preservation  
14 of expiring affordable housing in the city of New York. 1. As used in  
15 this section, the following words and terms shall have the following  
16 meanings:

17 (a) "Annual update amendment". An annual update amendment is an amend-  
18 ment to the preservation plan that shall be submitted to the attorney  
19 general every year that a dwelling unit is unsold, with the first such  
20 annual update amendment due within forty-five days of the anniversary of  
21 the acceptance of the post-closing amendment to the preservation plan.  
22 An annual update amendment shall supply the evidence, data and informa-  
23 tion required in this section, and such other information as the attor-  
24 ney general's regulations shall require, so that the attorney general is  
25 satisfied that the preservation plan as amended discloses the informa-  
26 tion necessary for a reasonable investor to make their purchase decision  
27 and that the preservation plan is otherwise complete, current and accu-  
28 rate.

29 (b) "Bona fide purchaser". A bona fide purchaser is either (i) a  
30 tenant in occupancy who enters into a purchase agreement for a dwelling  
31 unit pursuant to their or its exercise of one of the rights accorded to  
32 tenants in occupancy in subdivision five of this section, or (ii) a bona  
33 fide non-tenant purchaser.

34 (c) "Bona fide non-tenant purchaser". A bona fide non-tenant purchaser  
35 is a purchaser of a dwelling unit who has represented that they or a  
36 member or members of their immediate family intend to occupy the dwell-  
37 ing unit when it becomes vacant. A bona fide non-tenant purchaser shall  
38 not include any purchaser who is an offeror, the selling agent, or the  
39 managing agent or is a principal of the offeror, the selling agent or  
40 the managing agent or is related to the sponsor, the selling agent or  
41 the managing agent or to any principal of the sponsor or the selling  
42 agent or the managing agent by blood, marriage or adoption or as a busi-  
43 ness associate, an employee, a shareholder or a limited partner; except  
44 that such a purchaser other than the offeror or a principal of the spon-  
45 sor may be included as a bona fide non-tenant purchaser if the offeror  
46 has submitted proof satisfactory to the department of law establishing  
47 that the purchaser is bona fide.

48 (d) "Commercially reasonable good faith effort". A commercially  
49 reasonable good faith effort on the part of an offeror of a preservation  
50 plan shall, at minimum, include (i) the filing of an annual update  
51 amendment to the preservation plan; (ii) all of the condominium's dwell-  
52 ing units other than any income-restricted rental units as the units  
53 being offered for sale under the preservation plan, each at an offering  
54 price that is consistent with comparable dwelling units recently sold

1 within the locality; and (iii) entering into a written agreement with a  
2 licensed real estate broker or selling agent in connection with the sale  
3 of dwelling units offered for sale under the preservation plan. For the  
4 avoidance of doubt, a commercially reasonable good faith effort shall  
5 not require an offeror to sell dwelling units at a price substantially  
6 below the market-rate for comparable units recently sold within the  
7 locality, nor shall it require an offeror to offer for sale dwelling  
8 units that are occupied by non-purchasing tenants.

9 (e) "Condominium". A condominium shall also include a qualified lease-  
10 hold condominium as defined in subdivision twelve of section three  
11 hundred thirty-nine-e of the real property law.

12 (f) "Consummation of the preservation plan". Consummation of the pres-  
13 ervation plan shall refer to the filing of the declaration for the  
14 condominium and the first transfer of title to at least one purchaser  
15 under the preservation plan following a declaration of effectiveness by  
16 the department of law declaring the preservation plan effective.

17 (g) "Eligible disabled persons". Non-purchasing tenants who have an  
18 impairment which results from anatomical, physiological or psychological  
19 conditions, other than addiction to alcohol, gambling, or any controlled  
20 substance, which are demonstrable by medically acceptable clinical and  
21 laboratory diagnostic techniques, and which are expected to be permanent  
22 and which prevent the tenant from engaging in any substantial gainful  
23 employment on the date the preservation plan is submitted to the depart-  
24 ment of law or on the date the attorney general has accepted the preser-  
25 vation plan for filing, and the spouses of any such tenants on such  
26 date, and who have elected, within sixty days of the date the preserva-  
27 tion plan is submitted to the department of law or on the date the  
28 attorney general has accepted the preservation plan for filing, on forms  
29 promulgated by the attorney general and presented to such tenants by the  
30 offeror, to become non-purchasing tenants under the provisions of this  
31 section; provided, however, that if the disability first occurs after  
32 acceptance of the preservation plan for filing, then such election may  
33 be made within sixty days following the onset of such disability unless  
34 during the period subsequent to sixty days following the acceptance of  
35 the preservation plan for filing but prior to such election, the offeror  
36 accepts a written agreement to purchase the apartment from a bona fide  
37 purchaser; and provided further that such election shall not preclude  
38 any such tenant from subsequently purchasing the dwelling unit on the  
39 terms then offered to tenants in occupancy.

40 (h) "Eligible project". An eligible project shall refer to a building  
41 or group of buildings or development with one hundred or more dwelling  
42 units built after nineteen hundred ninety-six that is the subject of a  
43 preservation plan under this section, which shall meet the criteria set  
44 forth in subdivision two of this section. An eligible project shall not  
45 include any building or group of buildings or development owned under  
46 article two, four or five of the private housing finance law. For the  
47 avoidance of doubt, no building, group of buildings or development other  
48 than an eligible project shall convert to condominium status under this  
49 section, the status of which shall be confirmed by the relevant housing  
50 finance agency prior to the date of submission of the preservation plan.

51 (i) "Eligible senior citizens". Non-purchasing tenants who are sixty-  
52 two years of age or older on the date the preservation plan is submitted  
53 to the department of law or on the date the attorney general has  
54 accepted the preservation plan for filing, and the spouses of any such  
55 tenants on such date, and who have elected, within sixty days of the  
56 date the preservation plan is submitted to the department of law or on



1 the date the attorney general has accepted the preservation plan for  
2 filing, on forms promulgated by the attorney general and presented to  
3 such tenants by the offeror, to become non-purchasing tenants under the  
4 provisions of this section; provided that such election shall not  
5 preclude any such tenant from subsequently purchasing the dwelling unit  
6 on the terms then offered to tenants in occupancy.

7 (j) "Extended affordability term". The extended affordability term for  
8 the income-restricted rental units shall be in perpetuity for so long as  
9 the building or group of buildings or development are in existence, and  
10 subject to any obligation to rebuild in the event of condemnation,  
11 damage or destruction required by the regulatory agreement with the  
12 relevant housing finance agency.

13 (k) "Inclusionary housing unit". An inclusionary housing unit is an  
14 income-restricted rental unit that is located within a building that  
15 received an increase in the maximum permitted floor area pursuant to  
16 sections 23-154 and 23-90 of the zoning resolution or is located in a  
17 mandatory inclusionary housing area, as such sections may be amended  
18 from time to time.

19 (l) "Inclusionary housing designated area". An inclusionary housing  
20 designated area is a specified area in which the inclusionary housing  
21 program (also known as the voluntary inclusionary housing program) is  
22 applicable, pursuant to the regulations set forth for such areas in  
23 section 23-90 of the zoning resolution, as such section may be amended  
24 from time to time. The locations of inclusionary housing designated  
25 areas are identified in either (i) appendix "F" of the zoning resolution  
26 or (ii) in a special purpose district as described in section 15-011 of  
27 the zoning resolution, as such appendix or section may be amended from  
28 time to time.

29 (m) "Income-restricted rental unit". An income-restricted rental unit  
30 shall refer to a dwelling unit located in a building or group of build-  
31 ings or development of an eligible project that is the subject of a  
32 preservation plan submitted to the attorney general pursuant to this  
33 section, and such dwelling unit:

34 (i) meets the definition of a "low-income unit" as such term is  
35 defined in section forty-two of the internal revenue code and is subject  
36 to a regulatory agreement with a relevant housing finance agency; or

37 (ii) meets the definition of a "low-income unit" as such term is  
38 defined in subdivision (d) of section one hundred forty-two of the  
39 internal revenue code and is subject to a regulatory agreement with a  
40 relevant housing finance agency; or

41 (iii) previously met the definition of "low-income unit" pursuant to  
42 subparagraph (i) or (ii) of this paragraph, and notwithstanding the  
43 expiration of a regulatory agreement with a relevant housing finance  
44 agency, the owner of such dwelling unit affirms, under the penalty of  
45 perjury and provides other documentation to the satisfaction of the  
46 relevant housing finance agency, that it has continuously operated and  
47 rented the dwelling unit (A) as if it remained an income-restricted  
48 rental unit and (B) as if all of the restrictions of the expired regula-  
49 tory agreement had continuously been extended or otherwise remained in  
50 effect; or

51 (iv) is a dwelling unit located within a building or group of build-  
52 ings or development that, in accordance with provisions of subdivisions  
53 one through fifteen of section four hundred twenty-one-a of the real  
54 property tax law, the relevant housing finance agency shall have  
55 required to be a unit affordable to families of low and moderate income;



1 (v) is a dwelling unit that is rented to persons of low income or  
2 families of low income as defined in subdivision nineteen of section two  
3 of the private housing finance law or as otherwise required by a feder-  
4 al, state, or local law or mandate; or

5 (vi) is a dwelling unit located in a building, group of buildings or  
6 development subject to a regulatory agreement due to bond financing  
7 provided by the relevant housing finance agency that required dwelling  
8 units be affordable to families of low or moderate income.

9 (n) "Mandatory inclusionary housing area". A mandatory inclusionary  
10 housing area is a specified area in which the inclusionary housing  
11 program is applicable, pursuant to the regulations set forth for such  
12 areas in section 23-90 of the zoning resolution, as such section may be  
13 amended from time to time. The locations of mandatory inclusionary  
14 housing areas are identified in either (i) appendix "F" of the zoning  
15 resolution or (ii) in a special purpose district as described in section  
16 15-011 of the zoning resolution, as such appendix or section may be  
17 amended from time to time.

18 (o) "Non-purchasing tenant". A person who has not purchased under the  
19 preservation plan from offeror and who is a tenant entitled to  
20 possession at the time the preservation plan is declared effective or a  
21 person to whom a dwelling unit is rented from offeror after the preser-  
22 vation plan was declared effective, which solely for purposes of this  
23 section, shall include any person who is a tenant regardless of whether  
24 (i) such person was a tenant entitled to possession at the time the  
25 preservation plan was declared effective, or (ii) such person rented a  
26 dwelling unit from offeror after the preservation plan was declared  
27 effective. A person who sublets a dwelling unit from a purchaser under  
28 the preservation plan shall not be deemed a non-purchasing tenant. A  
29 tenant entitled to possession of an income-restricted rental unit at the  
30 time the preservation plan is declared effective or a person to whom an  
31 income-restricted rental unit is rented from offeror or qualified owner  
32 after the preservation plan is declared effective is a non-purchasing  
33 tenant, notwithstanding that the income-restricted rental units are not  
34 offered for sale pursuant to such preservation plan.

35 (p) "Post-closing amendment". A post-closing amendment is an amendment  
36 to a preservation plan filed with the attorney general confirming that  
37 the preservation plan has been consummated. A post-closing amendment  
38 must be submitted to the attorney general no more than forty-five days  
39 after the first closing of a dwelling unit to a bona fide purchaser  
40 under the preservation plan.

41 (q) "Preservation plan". An offering statement or prospectus submitted  
42 to the department of law pursuant to this section for the conversion of  
43 a building or group of buildings or development of an eligible project  
44 from rental status to condominium ownership, wherein the offeror docu-  
45 ments that it has entered into a regulatory agreement with a relevant  
46 housing finance agency in which it agreed to an extended affordability  
47 term for the income-restricted rental units with a relevant housing  
48 finance agency.

49 (r) "Purchaser under the preservation plan". A purchaser under the  
50 preservation plan is a person who purchases a dwelling unit from offeror  
51 pursuant to the terms of a preservation plan that has been accepted for  
52 filing by the attorney general. A person or entity that acquires dwell-  
53 ing units and assumes certain obligations of offeror shall not be  
54 considered a purchaser under the preservation plan.

55 (s) "Qualified owner". A qualified owner refers to the entity approved  
56 by the relevant housing finance agency on or before the date of



1 submission of a preservation plan to the department of law that will  
2 own, operate and maintain the income-restricted rental unit or units  
3 that are in the building, group of buildings or development that are the  
4 subject of the preservation plan. The entity which is a qualified owner  
5 shall only be either: (i) a housing development fund company incorpo-  
6 rated pursuant to article eleven of the private finance housing law; or  
7 (ii) a community land trust or other charitable corporation organized  
8 under the not-for-profit corporation law that has as its primary chari-  
9 table purpose the ownership, operation and maintenance of multifamily  
10 housing for persons and families of low income as defined by subdivision  
11 nineteen of section two of the private finance housing law.

12 (t) "Relevant housing finance agency". Relevant housing finance agency  
13 shall refer to a city or state agency with oversight over income-res-  
14 tricted rental units prior to the date of submission of a preservation  
15 plan. For purposes of this section, a relevant housing finance agency  
16 shall also refer to the city or state agency that will continue to have  
17 oversight of income-restricted rental units after consummation of the  
18 preservation plan and in accordance with the terms of a regulatory  
19 agreement.

20 (u) "Regulatory agreement". A regulatory agreement shall refer to the  
21 written agreement with a relevant housing finance agency that restricts  
22 the income and rents of income-restricted rental units that is either:  
23 (i) in effect prior to the date of submission of a preservation plan; or  
24 (ii) in effect after consummation of the preservation plan. Any regula-  
25 tory agreement in effect at the date of the submission of the preserva-  
26 tion plan shall remain in effect until the consummation of the preserva-  
27 tion plan unless otherwise agreed to by the relevant housing finance  
28 agency. A regulatory agreement that shall take effect after consummation  
29 of the preservation plan shall require that at least twenty percent of  
30 all units be income-restricted rental units, and require further that  
31 all existing income-restricted rental units, as of the effective date of  
32 this act, shall remain income-restricted in perpetuity.

33 (v) "Rent stabilization". Rent stabilization shall mean, collectively,  
34 the rent stabilization law of nineteen sixty-nine, and the emergency  
35 tenant protection act of nineteen seventy-four together with any other  
36 successor statutes thereto.

37 (w) "Zoning resolution". Zoning resolution shall refer to the zoning  
38 resolution of the city of New York.

39 2. The attorney general shall refuse to accept for submission a pres-  
40 ervation plan for the conversion of a building or group of buildings or  
41 development if the relevant housing finance agency has not confirmed in  
42 writing through the issuance of a letter of support as described in  
43 subdivision three of this section and that the preservation plan is for  
44 an eligible project, which shall be defined as a building or group of  
45 buildings or development that meets the definition of an eligible  
46 project and one or more of the following requirements as of the date of  
47 submission of the preservation plan:

48 (a) The preservation plan is for a building or group of buildings or  
49 development that (i) receives a partial property tax exemption pursuant  
50 to subdivisions one through fifteen of section four hundred twenty-one-a  
51 of the real property tax law, (ii) contains income-restricted rental  
52 units, and (iii) is not otherwise prohibited by any federal, state, or  
53 local law, rule, or regulation or subject to an existing regulatory  
54 agreement that prohibits the conversion of the dwelling units to condo-  
55 minium ownership; or



1     (b) The preservation plan is for a building or group of buildings or  
2     development that (i) receives low income housing tax credits pursuant to  
3     section forty-two of the internal revenue code, (ii) contains income-  
4     restricted rental units, (iii) is not subject to any agreement providing  
5     for a right of first refusal with a not-for-profit corporation unless  
6     evidence deemed satisfactory to the department of law has been provided  
7     that such right of first refusal has either expired or that such not-  
8     for-profit declined to exercise such right, and (iv) is not otherwise  
9     prohibited by any federal, state, or local law, rule, or regulation or  
10    subject to an existing regulatory agreement that prohibits the conver-  
11    sion of the dwelling units to condominium ownership; or

12    (c) The preservation plan is for a building or group of buildings or  
13    development that (i) receives bond financing under subsection (d) of  
14    section one hundred forty-two of the internal revenue code, (ii)  
15    contains income-restricted rental units, and (iii) is not otherwise  
16    prohibited by any federal, state, or local law, rule, or regulation or  
17    subject to an existing regulatory agreement that prohibits the conver-  
18    sion of the dwelling units to condominium ownership; or

19    (d) The preservation plan is for a building or group of buildings or  
20    development, that (i) contains one or more inclusionary housing units,  
21    (ii) is not otherwise prohibited by any federal, state, or local law,  
22    rule, or regulation or subject to an existing regulatory agreement that  
23    prohibits the conversion of the dwelling units to condominium ownership,  
24    and (iii) contains a representation that an agreement has been reached  
25    with the relevant housing finance agency to increase the total number of  
26    income-restricted rental units in the building or group of buildings or  
27    development to thirty percent for the extended affordability term upon  
28    consummation of the preservation plan; or

29    (e) The preservation plan is for a building or group of buildings or  
30    development that (i) contains exclusively moderate income units as  
31    required for bond financing with the relevant housing finance agency,  
32    (ii) the total number of income-restricted rental units in the building  
33    or group of buildings or development is less than twenty percent, (iii)  
34    is not subject to an existing regulatory agreement that prohibits the  
35    conversion of the dwelling units to condominium ownership, and (iv)  
36    contains a representation that an agreement has been reached with the  
37    relevant housing finance agency to increase the total number of income-  
38    restricted rental units in the building or group of buildings or devel-  
39    opment to at least twenty percent for the extended affordability term  
40    upon consummation of the preservation plan.

41    3. At the time of submission of the preservation plan, the offeror  
42    shall provide a letter of support from the relevant housing finance  
43    agency demonstrating that a regulatory agreement has been entered into  
44    between the offeror, the qualified owner, and the relevant housing  
45    finance agency regarding the income-restricted rental units during the  
46    extended affordability term, and that such regulatory agreement will,  
47    among other things, require the offeror to include the following disclo-  
48    sures in the preservation plan:

49    (a) A list of the proposed income-restricted rental units;

50    (b) The proposed qualified owner of the income-restricted rental  
51    units, which qualified owner shall take title to the income-restricted  
52    rental units no later than three hundred sixty-five days from the date  
53    of consummation of the preservation plan;

54    (c) The operating expenses and revenues applicable to the income-res-  
55    tricted rental units, which shall be reflected in the updated Schedule A  
56    and Schedule B for the first year of operation of the condominium, the



1 allocation of common interests, projected common charges, estimated real  
2 estate taxes, and rents to be collected from each income-restricted  
3 rental unit, and the allocation of common expenses under section three  
4 hundred thirty-nine-m of the real property law, applicable to the  
5 income-restricted rental units, which shall be used to limit certain  
6 condominium expenses allocable to the income-restricted rental units and  
7 to cover any shortfall in the revenue from rent to cover the costs of  
8 operation of the income-restricted rental units;

9 (d) A description of any financing encumbering the income-restricted  
10 rental units, and whether a tax exemption or abatement is in place to  
11 reduce real estate taxes for the income-restricted rental units;

12 (e) A description of any regulatory agreement or agreements to be  
13 recorded against the income-restricted rental units and the term thereof  
14 and the relevant housing finance agency or agencies with supervisory  
15 oversight;

16 (f) A description of the provisions of the declaration and by-laws for  
17 the condominium that provides for the special allocation of common  
18 expenses in accordance with section three hundred thirty-nine-m of the  
19 real property law, and any specific requirements set forth in a regula-  
20 tory agreement requiring unit owners in the condominium to cover any  
21 shortfall in the revenue from rent to cover the costs of operation of  
22 the income-restricted rental units;

23 (g) A description of the contemplated structure of the board of manag-  
24 ers of the condominium, including specifically an explanation as to how  
25 the interests of the qualified owner of the income-restricted rental  
26 units are to be adequately represented;

27 (h) A description of the building-wide amenities and a representation  
28 that the declaration and by-laws for the condominium shall require that  
29 tenants of the income-restricted rental units be provided an opportunity  
30 to use commonly accessible amenities of the condominium and not unique  
31 to an individual unit, including but not limited to: pools, fitness  
32 centers, storage spaces, parking, and roofs or gardens accessible on a  
33 building-wide basis, and that the tenants of the income-restricted  
34 rental units may only be charged a nominal and reasonable fee for such  
35 use, as approved by the relevant housing finance agency in accordance  
36 with the regulatory agreement, and which shall not be treated as rent  
37 under any rental agreement;

38 (i) The name, address and contact details for the relevant housing  
39 finance agency or agencies with supervisory oversight of the income-res-  
40 tricted rental units and the occupants within;

41 (j) That the regulatory agreement contains a provision which requires  
42 that once a vacancy occurs of an income-restricted rental unit, after  
43 consummation of the preservation plan, then said unit shall only be  
44 leased to low income households whose annual household income is not  
45 greater than sixty percent of area median income at the time of the  
46 initial lease, and such unit shall be marketed and leased in compliance  
47 with the relevant housing finance agency's leasing requirements, which  
48 may include leasing through New York city's housing connect portal;

49 (k) A representation by offeror that the regulatory agreement includes  
50 and accounts for (i) all of the existing on-site income-restricted  
51 rental units in an existing building or group of buildings or develop-  
52 ment, or (ii) all of the income-restricted rental units associated with  
53 an existing building or group of buildings or development located on a  
54 zoning lot where one or more buildings were set aside as affordable  
55 housing for purposes of qualifying for a partial property tax exemption



1 pursuant to section four hundred twenty-one-a of the real property tax  
2 law;

3 (l) To the extent not already subject thereto prior to the consum-  
4 mation of the preservation plan, a representation by offeror that the  
5 regulatory agreement shall require all income-restricted rental units be  
6 subject to rent stabilization during the extended affordability term,  
7 and that no income-restricted rental units shall be removed from rent  
8 stabilization pursuant to the exemption for units owned as a condominium  
9 under section 26-504 of the administrative code of the city of New York;  
10 and

11 (m) The recording of the condominium declaration and commencement of  
12 condominium operations does not modify the requirement under section  
13 four hundred twenty-one-a of the real property tax law that all residen-  
14 tial rental apartments are subject to rent stabilization.

15 4. Upon submission of the preservation plan to the department of law,  
16 each tenant in occupancy of any unit, including but not limited to any  
17 income-restricted rental unit, in the eligible project that is the  
18 subject of such preservation plan shall be provided with a written  
19 notice stating that such preservation plan has been submitted to the  
20 department of law. Written notice to each tenant in occupancy shall  
21 contain or be accompanied by:

22 (a) a copy of the proposed preservation plan that has been submitted  
23 to the department of law;

24 (b) a statement that tenants of the dwelling units being offered for  
25 sale pursuant to the preservation plan or their representatives may  
26 physically inspect the premises at any time subsequent to the submission  
27 of the preservation plan to the department of law, during normal busi-  
28 ness hours, upon written request made by them to the offeror, provided  
29 such representatives are registered architects or professional engineers  
30 licensed by the office of the professions of the education department of  
31 the state of New York; and

32 (c) a statement to tenants of the income-restricted rental units that  
33 the dwelling units they occupy are not being offered for sale, but their  
34 tenancies shall continue undisturbed during and after the conversion of  
35 the property to condominium ownership. The statement shall also disclose  
36 that all income-restricted rental units shall be subject to rent  
37 stabilization throughout the extended affordability term.

38 5. The tenants in occupancy of dwelling units being offered for sale  
39 on the date the attorney general accepts the preservation plan for  
40 filing shall have the exclusive right to purchase their dwelling units  
41 for ninety days after the preservation plan has been accepted for filing  
42 by the attorney general, during which time the offering price available  
43 to the tenant in occupancy shall not be increased and a tenant's dwell-  
44 ing unit shall not be shown to a third party unless such tenant has, in  
45 writing, waived their right to purchase. Subsequent to the expiration of  
46 such ninety-day period, a tenant in occupancy of a dwelling unit who has  
47 not purchased shall be given the exclusive right for an additional six  
48 months from said expiration date to purchase said dwelling unit on the  
49 same terms and conditions as are contained in any executed contract to  
50 purchase said dwelling unit entered into by a purchaser under the pres-  
51 ervation plan, such exclusive right to be exercisable within fifteen  
52 days from the date of mailing by registered mail of notice of the  
53 execution of a contract of sale together with a copy of said executed  
54 purchase agreement to said tenant.

55 6. The preservation plan shall also disclose that the offeror shall:



1 (a) market and sell all the dwelling units (other than the income-res-  
2 tricted rental units) in the building or group of buildings or develop-  
3 ment, as each such dwelling unit becomes vacant, to a purchaser under  
4 the preservation plan through the use of commercially reasonable good  
5 faith efforts;

6 (b) fund the reserve fund and dedicated capital fund in the manner and  
7 amounts as provided in section three hundred thirty-nine-mm of the real  
8 property law;

9 (c) file an annual update amendment every year which shall include an  
10 updated Schedule A of all dwelling units being offered for sale under  
11 the preservation plan; and

12 (d) exercise commercially reasonable good faith efforts to sell at  
13 least fifty-one percent of the total number of dwelling units offered  
14 for sale under the preservation plan (excluding any income-restricted  
15 rental units not offered for sale) within five years from the date of  
16 consummation of the preservation plan.

17 7. After the issuance of the letter from the attorney general stating  
18 that the preservation plan has been accepted for filing, the offeror  
19 shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth day after  
20 such date and at least once every thirty days until the preservation  
21 plan is declared effective or abandoned, as the case may be, and on the  
22 second day before the expiration of any exclusive purchase period  
23 provided in a substantial amendment to the preservation plan:

24 (a) file with the attorney general a written statement under oath  
25 setting forth the percentage of bona fide tenants in occupancy of all  
26 dwelling units in the building or group of buildings or development on  
27 the date the preservation plan was accepted for filing by the attorney  
28 general who have executed and delivered written agreements to purchase  
29 under the preservation plan as of the date of such written statement  
30 under oath; and

31 (b) before noon on the day such statement is filed post a copy of such  
32 written statement under oath in a prominent place accessible to all  
33 tenants in each building covered by the preservation plan.

34 8. A preservation plan shall not be declared effective until written  
35 purchase agreements have been executed and delivered for at least  
36 fifteen percent of all dwelling units offered for sale in the building  
37 or group of buildings or development from either (a) bona fide tenants  
38 who were in occupancy on the date a letter was issued by the attorney  
39 general accepting the preservation plan for filing or (b) bona fide  
40 non-tenant purchasers. The purchase agreement shall be executed and  
41 delivered pursuant to an offering made in good faith without fraud and  
42 discriminatory repurchase agreements or other discriminatory induce-  
43 ments. A negotiated reduction from the original offering price extended  
44 shall not, by itself, be deemed a discriminatory inducement.

45 9. Those written statements under oath that the offeror is required to  
46 file with the attorney general pursuant to subdivision seven of this  
47 section shall also include:

48 (a) the total number of written agreements to purchase under the pres-  
49 ervation plan received from bona fide non-tenant purchasers;

50 (b) the total number of written agreements to purchase under the pres-  
51 ervation plan received from all bona fide tenants in occupancy;

52 (c) the percentage of dwelling units under contract, calculated by  
53 adding the number of written purchase agreements for a unit that were  
54 received from (i) all bona fide tenants in occupancy plus (ii) all bona  
55 fide non-tenant purchasers and then dividing the sum of those two

1 numbers by the total number of dwelling units offered for sale under the  
2 preservation plan;

3 (d) whether or not the offeror intends to claim a credit against the  
4 mandatory initial contribution the offeror is obligated to deposit into  
5 the condominium's reserve fund pursuant to subdivision three of section  
6 three hundred thirty-nine-mm of the real property law for the actual  
7 cost of capital replacements which the offeror has begun after the pres-  
8 ervation plan was submitted for filing to the department of law but  
9 before the preservation plan is declared effective, together with their  
10 actual or estimated costs which credit shall not exceed the actual cost  
11 of the credit;

12 (e) whether or not the offeror shall be making its reserve fund  
13 contributions required pursuant to section three hundred thirty-nine-mm  
14 earlier or in an amount greater than required; and

15 (f) a representation that no purchaser counted for purposes of declar-  
16 ing the preservation plan effective is the offeror, the selling agent or  
17 the managing agent, or is a principal of the offeror, the selling agent,  
18 or the managing agent or is related to any principal of the offeror, any  
19 principal of the selling agent or any principal of the managing agent by  
20 blood, marriage, or adoption, or is an affiliate, business associate, an  
21 employee, a shareholder, a member, a manager, a director, an officer, a  
22 limited partner of the offeror, selling agent or managing agent.

23 10. The preservation plan shall provide that it will be deemed aban-  
24 doned, void and of no effect if it does not become effective within  
25 fifteen months from the date of issue of the letter of the attorney  
26 general stating that the preservation plan has been accepted for filing  
27 and, in the event of such abandonment, no new plan, including but not  
28 limited to a preservation plan, for the conversion of such building or  
29 group of buildings or development shall be submitted to the attorney  
30 general for at least twelve months after such abandonment.

31 11. No closings of title of a dwelling unit to a purchaser under the  
32 preservation plan shall take place until the attorney general shall have  
33 also accepted for filing an amendment that declares the preservation  
34 plan effective. Within forty-five days of the first closing of title of  
35 a dwelling unit to a purchaser under the preservation plan, the offeror  
36 shall submit to the attorney general its post-closing amendment to the  
37 preservation plan. Thereafter, the preservation plan shall continually  
38 be updated with the filing of an annual update amendment, no later than  
39 thirty days from the anniversary of the date the attorney general  
40 accepted the post-closing amendment for filing. An offeror or successor  
41 offeror shall only be relieved of its obligation to file an annual  
42 update amendment to the preservation plan after the last dwelling unit  
43 offered for sale is conveyed to a purchaser under the preservation plan.

44 12. After the date of acceptance for filing of the post-closing amend-  
45 ment, the offeror or successor offeror shall continue to make commer-  
46 cially reasonable good faith efforts to sell the dwelling units it owns.

47 13. The attorney general shall refuse to accept for filing an annual  
48 update amendment to the preservation plan unless:

49 (a) The annual update amendment discloses, in addition to the other  
50 disclosures required elsewhere in this section or the regulations of the  
51 attorney general, the following data and information:

52 (i) an accounting of the dwelling units sold and closed by the offeror  
53 in the preceding twelve months, with an indication if the dwelling unit  
54 was conveyed to a purchaser under the preservation plan or to a succes-  
55 sor offeror;



1 (ii) an inventory of the offeror's unsold dwelling units at the end of  
2 the preceding twelve months, in form and substance as shall satisfy the  
3 attorney general; and

4 (iii) all the information, data and literature presented by the board  
5 of managers in its semi-annual reports on the status of the reserve fund  
6 as required under subdivision five of section three hundred thirty-nine-  
7 mm of the real property law.

8 (b) The annual update amendment shall be accompanied by an affidavit  
9 from a principal of the offeror attesting to the following data and  
10 information with respect to all the dwelling units the offeror then  
11 owns:

12 (i) the dwelling units' identifying information and general location;

13 (ii) whether, on the date of submission of the annual update amend-  
14 ment, the unsold dwelling unit is subject to a fully executed purchase  
15 agreement, and if so, whether the purchaser is a purchaser under the  
16 preservation plan or otherwise;

17 (iii) whether, on the date of submission of the annual update amend-  
18 ment, the dwelling unit is occupied or vacant, and if occupied, an indi-  
19 cation that occupancy is:

20 (A) by a rent-regulated tenant;

21 (B) by a market-rate tenant;

22 (C) a month-to-month tenancy;

23 (D) a tenancy at sufferance; or

24 (E) other.

25 (iv) regardless of the occupancy status of a dwelling unit on the date  
26 of submission of the annual update amendment, an indication if the  
27 dwelling unit was vacant for more than one of the twelve preceding  
28 months. For each dwelling unit so indicated, the offeror shall also  
29 disclose:

30 (A) the date range that the dwelling unit was vacant;

31 (B) the date range for any period of time that the dwelling unit was  
32 marketed for sale;

33 (C) date of sale;

34 (D) the date the dwelling unit was leased by a tenant; and

35 (E) the date the lease is set to expire (if applicable).

36 14. No eviction proceedings shall be commenced at any time against  
37 non-purchasing tenants for failure to purchase or for any other reason  
38 applicable to expiration of tenancy; provided that such proceedings may  
39 be commenced for non-payment of rent, illegal use or occupancy of the  
40 premises, refusal of reasonable access to the owner or a similar breach  
41 by the non-purchasing tenant of their obligations to the owner of the  
42 dwelling unit; and provided further that an owner of a unit shall not  
43 commence an action to recover possession of a dwelling unit from a non-  
44 purchasing tenant on the grounds that they seek the dwelling unit for  
45 the use and occupancy of themselves or their family's use and occupancy.

46 15. No eviction proceedings shall be commenced, except as provided in  
47 this subdivision, at any time against either eligible senior citizens or  
48 eligible disabled persons. The rentals of eligible senior citizens and  
49 eligible disabled persons who reside in dwelling units not subject to  
50 government regulation as to rentals and continued occupancy and eligible  
51 senior citizens and eligible disabled persons who reside in dwelling  
52 units with respect to which government regulation as to rentals and  
53 continued occupancy is eliminated or becomes inapplicable after the  
54 preservation plan has been accepted for filing shall not be subject to  
55 unconscionable increases which, solely for the purposes of this subdivi-  
56 sion, and notwithstanding any exemptions for housing accommodations



1 owned as condominiums provided for under subdivision seven of section  
2 two hundred fourteen of the real property law, and regardless of whether  
3 such non-purchasing tenant has a rent that exceeds two hundred forty-  
4 five percent of the fair market rent, all rent increases for eligible  
5 senior citizens and eligible disabled persons shall be considered uncon-  
6 scionable if such increases exceed the permissible increases provided  
7 for under the good cause eviction law under article six-A of the real  
8 property law; provided that such proceedings may be commenced against  
9 such tenants for non-payment of rent, illegal use or occupancy of the  
10 premises, refusal of reasonable access to the owner or a similar breach  
11 by the tenant of their obligations to the owner of the dwelling unit.

12 16. Eligible senior citizens and eligible disabled persons who reside  
13 in dwelling units subject to government regulation as to rentals and  
14 continued occupancy shall continue to be subject thereto.

15 17. The rights granted under the preservation plan to eligible senior  
16 citizens and eligible disabled persons shall not be abrogated or reduced  
17 notwithstanding any expiration of, or amendment to, this section.

18 18. Any offeror who disputes the election by a person to be an eligi-  
19 ble senior citizen or an eligible disabled person shall apply to the  
20 attorney general within thirty days of the receipt of the election forms  
21 for a determination by the attorney general of such person's eligibil-  
22 ity. The attorney general shall, within thirty days thereafter, issue a  
23 determination of eligibility. The foregoing shall, in the absence of  
24 fraud, be the sole method for determining a dispute as to whether a  
25 person is an eligible senior citizen or an eligible disabled person. The  
26 determination of the attorney general shall be reviewable only through a  
27 proceeding under article seventy-eight of the civil practice law and  
28 rules, which proceeding shall be commenced within thirty days after such  
29 determination by the attorney general becomes final.

30 19. Non-purchasing tenants who reside in dwelling units subject to  
31 government regulation as to rentals and continued occupancy prior to the  
32 conversion of the building or group of buildings or development to  
33 condominium ownership shall continue to be subject thereto.

34 20. The rentals of non-purchasing tenants who reside in dwelling units  
35 not subject to government regulation as to rentals and continued occu-  
36 pancy and non-purchasing tenants who reside in dwelling units with  
37 respect to which government regulation as to rentals and continued occu-  
38 pancy is eliminated or becomes inapplicable after the preservation plan  
39 has been accepted for filing by the attorney general shall not be  
40 subject to unconscionable increases which, solely for the purposes of  
41 this subdivision, and notwithstanding any exemptions for housing accom-  
42 modations owned as condominiums provided for under subdivision seven of  
43 section two hundred fourteen of the real property law, in the event the  
44 rent of a non-purchasing tenant shall be less than two hundred forty-  
45 five percent of the fair market rent, then such increases for such non-  
46 purchasing tenant shall be governed by article six-A of the real proper-  
47 ty law.

48 21. The rights granted under the preservation plan to purchasers under  
49 the preservation plan and to non-purchasing tenants shall not be abro-  
50 gated or reduced notwithstanding any expiration of, or amendment to,  
51 this section.

52 22. Any local legislative body may adopt local laws and any agency,  
53 officer or public body may prescribe rules and regulations with respect  
54 to the continued occupancy by tenants of dwelling units which are  
55 subject to regulation as to rentals and continued occupancy pursuant to  
56 law, provided that in the event that any such local law, rule or regu-



1 lation shall be inconsistent with the provisions of this section, the  
2 provisions of this section shall control.

3 23. The attorney general shall refuse to accept for filing a preserva-  
4 tion plan when the attorney general determines: (a) that one or more of  
5 the income-restricted rental units within the building, group of build-  
6 ings or development was vacant on the date of submission; or (b) of the  
7 dwelling units that are not income-restricted rental units, an excessive  
8 number of long-term vacancies existed on the date that the preservation  
9 plan was first submitted to the department of law. For purposes of this  
10 subdivision, "long-term vacancies" shall mean dwelling units not leased  
11 or occupied by bona fide tenants for more than five months prior to the  
12 date of such submission to the department of law; and "excessive" shall  
13 mean a vacancy rate in excess of the greater of (i) ten percent and (ii)  
14 a percentage that is double the normal average vacancy rate for the  
15 building or group of buildings or development for two years prior to the  
16 January preceding the date the preservation plan was first submitted to  
17 the department of law.

18 24. All dwelling units occupied by non-purchasing tenants shall be  
19 managed by the same managing agent who manages all other dwelling units  
20 in the building or group of buildings or development. Such managing  
21 agent shall provide to non-purchasing tenants all services and facili-  
22 ties required by law on a non-discriminatory basis. The offeror shall  
23 guarantee the obligation of the managing agent to provide all such  
24 services and facilities until such time as the offeror surrenders  
25 control of the board of managers, at which time the board of managers of  
26 the condominium shall assume responsibility for the provision of all  
27 services and facilities required by law on a non-discriminatory basis.  
28 Such managing agent shall also ensure that non-purchasing tenants be  
29 provided an opportunity to use commonly accessible amenities of the  
30 condominium and not unique to an individual unit, including but not  
31 limited to pools, fitness centers, storage spaces, parking and roofs or  
32 gardens accessible on a building-wide basis, and that the tenants of the  
33 income-restricted rental units may only be charged a nominal and reason-  
34 able fee for such use, as approved by the relevant housing finance agen-  
35 cy in accordance with the regulatory agreement, and which shall not be  
36 treated as rent under any rental agreement.

37 25. It shall be unlawful for any person to engage in any course of  
38 conduct, including, but not limited to, interruption or discontinuance  
39 of essential services, which substantially interferes with or disturbs  
40 the comfort, repose, peace or quiet of any tenant in their use or occu-  
41 pancy of their dwelling unit or the facilities related thereto. The  
42 attorney general may apply to a court of competent jurisdiction for an  
43 order restraining such conduct and, if they deem it appropriate, an  
44 order restraining the owner from selling the dwelling unit itself or  
45 from proceeding with the preservation plan of conversion; provided that  
46 nothing contained herein shall be deemed to preclude the tenant from  
47 applying on their own behalf for similar relief.

48 26. Any provision of a lease or other rental agreement which purports  
49 to waive a tenant's rights under this section or rules and regulations  
50 promulgated pursuant hereto shall be void as contrary to public policy.

51 27. Notwithstanding the requirements of this section regarding the  
52 preservation of an income-restricted rental unit or units as permanently  
53 affordable, and to the extent permitted under existing law as it relates  
54 to the income-restricted rental unit or units, the income-restricted  
55 rental unit or units in a building or group of buildings or development  
56 of an eligible project may be converted to a limited equity housing



1 cooperative pursuant to article eleven of the private housing finance  
2 law under a separate offering statement or prospectus, if the relevant  
3 housing finance agency ensures that the proposed offering statement or  
4 prospectus discloses that the regulatory agreement provides as follows:

5 (a) the offering prices are affordable to the existing tenants and/or  
6 the qualified low-income purchasers who meet the definition of persons  
7 of low income or families of low income as defined by subdivision nine-  
8 teen of section two of the private housing finance law;

9 (b) any tenant of an income-restricted rental unit that chooses not to  
10 buy the income-restricted rental unit such tenant occupies shall contin-  
11 ue to be protected under rent stabilization throughout the process of  
12 conversion to a limited equity housing cooperative and thereafter, and  
13 that no existing tenant of an income-restricted rental unit shall be  
14 evicted solely due to such tenant's decision not to purchase their  
15 income-restricted rental unit;

16 (c) the regulatory agreement and certificate of incorporation of the  
17 limited equity housing cooperative shall ensure that the income-res-  
18 tricted rental units converted to a limited equity housing cooperative  
19 shall be reserved for occupancy by persons of low income and families of  
20 low income in perpetuity;

21 (d) the regulatory agreement and certificate of incorporation of the  
22 limited equity housing cooperative shall ensure that, notwithstanding  
23 the creation of a separate condominium, any obligations that the non-in-  
24 come-restricted rental unit owners may have to ensure the financial  
25 viability and delivery of services in a non-discriminatory manner, prior  
26 to the date of conversion to a limited equity housing cooperative, shall  
27 not be abrogated and shall remain in full force and effect;

28 (e) the relevant housing finance agency shall have oversight authority  
29 over the limited equity housing cooperative in the regulatory agreement,  
30 condominium declaration, condominium by-laws and certificate of incorpo-  
31 ration of the limited equity housing cooperative, including the ability  
32 to appoint a new board of directors of the limited equity housing coop-  
33 erative in the event of a violation of a term of, or an event of default  
34 by the limited equity housing cooperative under any of its governing  
35 documents, requiring purchasers of such units to attend homeownership  
36 training, and providing for the procedures to sell the units upon vacan-  
37 cy; and

38 (f) that the ownership of the dedicated capital account by the quali-  
39 fied owner, and the funding of the dedicated capital account by the  
40 offeror of the preservation plan, shall each be subject to the oversight  
41 authority of the relevant housing finance agency as provided in section  
42 three hundred thirty-nine-mm of the real property law.

43 28. It shall be unlawful for an offeror, its designees and/or succes-  
44 sors to have or exercise voting control of the condominium's board of  
45 managers for more than ninety days from the fifth anniversary date of  
46 the first closing of title to a dwelling unit, or whenever the unsold  
47 dwelling units constitute less than fifty percent of the common inter-  
48 ests appurtenant to all dwelling units, whichever is sooner.

49 29. The attorney general may, in their discretion, waive the require-  
50 ment in paragraph (d) of subdivision six of this section that an offeror  
51 sell at least fifty-one percent of the dwelling units offered for sale  
52 under the preservation plan when the offeror provides proof satisfactory  
53 to the attorney general that five years of commercially reasonable good  
54 faith efforts did not result in the sale of fifty-one percent of the  
55 dwelling units. If such waiver is granted, the offeror shall be required  
56 to disclose the new date by which it will sell at least fifty-one



1 percent of the dwelling units offered for sale under the preservation  
2 plan in its subsequent annual update amendment. Any waiver granted here-  
3 under shall not alleviate an offeror, its designees and/or successors of  
4 the obligation set forth in subdivision twenty-eight of this section.

5 30. Within three hundred and sixty-five days of the effective date of  
6 this section, the attorney general shall submit a notice of proposed  
7 rulemaking for publication in the state register which shall contain the  
8 suitable rules necessary to carry out the provisions of this section.  
9 The authority of the attorney general to promulgate, adopt, publish,  
10 notify, review, amend, modify, reconsider, or rescind any rule or regu-  
11 lation as may be conferred anywhere within this section shall comply  
12 with the state administrative procedure act in all respects. Notwith-  
13 standing the foregoing, an offeror may submit a preservation plan to the  
14 department of law regardless of whether the attorney general has adopted  
15 suitable rules to carry out this section, and the department of law  
16 shall not rely on the lack of rulemaking to refuse to accept a preserva-  
17 tion plan for submission or filing if offeror has otherwise complied  
18 with the requirements of this section.

19 31. For any offering statement or prospectus (including, without limi-  
20 tation, a preservation plan and any amended filings thereto), submitted  
21 to the department of law pursuant to this section, the filing fees set  
22 forth in paragraph (a) of subdivision seven of section three hundred  
23 fifty-two-e of this article shall not apply. Instead, an offeror shall  
24 tender the following filing fee with and for its submission:

25 (a) seven hundred fifty dollars for every offering not in excess of  
26 two hundred fifty thousand dollars;

27 (b) for every offering in excess of two hundred fifty thousand  
28 dollars, four-tenths of one percent of the total amount of the offering  
29 but not in excess of sixty thousand dollars, of which one-half of said  
30 amount shall be a nonrefundable deposit paid at the time of submitting  
31 the preservation plan to the department of law for review and the  
32 balance payable upon the attorney general's issuance of a letter of  
33 acceptance of the preservation plan for filing;

34 (c) seven hundred fifty dollars for each price change amendment to a  
35 preservation plan;

36 (d) seven hundred fifty dollars for any other amendment to a preserva-  
37 tion plan; and

38 (e) seven hundred fifty dollars for each such application, and an  
39 additional seven hundred fifty dollars for each and every amendment  
40 submitted in furtherance of such an application to permit an offeror to  
41 solicit public interest prior to the filing of a preservation plan to  
42 the department of law.

43 32. The relevant housing finance agency may promulgate regulations,  
44 rules, and other guidance documents necessary to carry out the  
45 provisions of this section, as it deems necessary.

46 33. The provisions of this section shall only be applicable in the  
47 city of New York.

48 34. The attorney general shall make any offering statement or prospec-  
49 tus (including, without limitation, a preservation plan and any amended  
50 filings thereto), submitted pursuant to this section available to the  
51 public in a searchable repository on its official internet website.

52 § 2. Section 339-e of the real property law is amended by adding nine  
53 new subdivisions 1-a, 6-a, 7-a, 8-a, 10-a, 11-a, 12-a, 12-b and 13-a to  
54 read as follows:

55 1-a. "Capital replacement" means a building-wide replacement of a  
56 major component of any of the following systems:

1 (a) elevator;  
2 (b) heating, ventilation and air conditioning;  
3 (c) environmental and sustainability upgrades;  
4 (d) plumbing;  
5 (e) wiring;  
6 (f) window; or  
7 (g) a major structural replacement to the building; provided, however,  
8 that major structural replacements made to cure code violations of  
9 record shall not be included.

10 6-a. "Consummation of the preservation plan" means, in the context of  
11 a preservation plan for the conversion of residential rental property to  
12 condominium ownership that has been accepted for filing by the depart-  
13 ment of law pursuant to section three hundred fifty-two-eeee of the  
14 general business law and subsequently amended to disclose that said  
15 preservation plan has been declared effective, (i) the recording of the  
16 declaration for the condominium and (ii) the closing of title to a  
17 dwelling unit with a purchaser under the preservation plan.

18 7-a. "Income-restricted rental unit", as used in section three hundred  
19 thirty-nine-mm of this article, means a unit that also meets the defi-  
20 nition of "income-restricted rental unit" set forth in section three  
21 hundred fifty-two-eeee of the general business law.

22 8-a. "Offeror", as used in section three hundred thirty-nine-mm of  
23 this article, means the offeror of a preservation plan to convert resi-  
24 dential rental property to condominium ownership pursuant to section  
25 three hundred fifty-two-eeee of the general business law, together with  
26 their or its nominees, assignees and successors in interest.

27 10-a. "Preservation plan", as used in section three hundred thirty-  
28 nine-mm of this article, means an offering statement or prospectus  
29 submitted to the department of law pursuant to section three hundred  
30 fifty-two-eeee of the general business law for the conversion of a  
31 building or group of buildings or development from rental status to  
32 condominium ownership, wherein the offeror documents that it has entered  
33 into a regulatory agreement with a relevant housing finance agency in  
34 which it agreed to an extended affordability term for the income-res-  
35 tricted rental units.

36 11-a. "Purchaser under the preservation plan", when used in section  
37 three hundred thirty-nine-mm of this article, means a bona fide purchas-  
38 er under the preservation plan shall refer to a person who purchases a  
39 dwelling unit from the offeror pursuant to the terms of a preservation  
40 plan that has been accepted for filing by the attorney general. A person  
41 or entity that acquires dwelling units and assumes certain obligations  
42 of the offeror shall not be considered a purchaser under the preserva-  
43 tion plan.

44 12-a. "Qualified owner", as used in section three hundred thirty-nine-  
45 mm of this article, shall refer to a unit owner that also meets the  
46 definition of "qualified owner" as set forth in section three hundred  
47 fifty-two-eeee of the general business law.

48 12-b. "Relevant housing finance agency", as used in section three  
49 hundred thirty-nine-mm of this article, shall have the same meaning as  
50 set forth in section three hundred fifty-two-eeee of the general busi-  
51 ness law.

52 13-a. "Total price", when used in section three hundred thirty-nine-mm  
53 of this article, means the sum of the cost of all units in the offering,  
54 but excluding any income-restricted rental units owned or to be trans-  
55 ferred to a qualified owner, at the last price which was offered to





1 tenants in occupancy prior to the effective date of the preservation  
2 plan regardless of the number of sales made.

3 § 3. The real property law is amended by adding a new section 339-mm  
4 to read as follows:

5 § 339-mm. Establishment of reserve fund and dedicated capital fund for  
6 buildings converting to condominium ownership under section three  
7 hundred fifty-two-eeeeee of the general business law. 1. Within thirty  
8 days after the consummation of a preservation plan, the offeror thereof  
9 (and/or its designee or designees and/or successor or successors) shall  
10 establish and transfer:

11 (a) to the condominium board of managers a reserve fund to be used  
12 exclusively for making capital repairs, replacements and improvements  
13 necessary for the health and safety of the residents (including resi-  
14 dents of the income-restricted rental units) of such building or group  
15 of buildings or development. Such reserve fund shall be exclusive of  
16 any other funds required to be reserved under the preservation plan or  
17 applicable law or regulation of the attorney general, except a fund for  
18 capital repairs, replacements and improvements substantially similar in  
19 purpose to and in an amount not less than the reserve fund mandated by  
20 this section. Such reserve fund shall also be exclusive of any working  
21 capital fund or dedicated capital fund and shall not be subject to  
22 reduction for closing apportionments.

23 (b) to the qualified owner of the income-restricted rental units, and  
24 subject to the oversight of the relevant housing finance agency set  
25 forth in a regulatory agreement, a dedicated capital fund to be used  
26 exclusively for making unit repairs, replacements and improvements  
27 necessary for the health and safety of the residents of an income-res-  
28 tricted rental unit or units of such building or group of buildings or  
29 development. Such dedicated capital fund shall be exclusive and supple-  
30 mental of any other funds required to be reserved under the preservation  
31 plan or applicable law or regulation. Such dedicated capital fund shall  
32 also be exclusive and supplemental of any reserve fund or working capi-  
33 tal fund and shall not be subject to reduction for closing apportion-  
34 ments. The dedicated capital fund shall not be used towards any build-  
35 ing-wide capital replacement, and instead shall be used solely for unit  
36 repairs, replacements and improvements of the income-restricted rental  
37 units.

38 1-a. In the event that the funds are insufficient, unless the relevant  
39 housing finance agency provides otherwise, repairs and capital improve-  
40 ments necessary for the health and safety of the residents in all common  
41 areas and building infrastructure shall be at the sole expense of the  
42 condominium board of managers. The relevant housing finance agency may  
43 establish penalties for failure to comply with legal and regulatory  
44 requirements.

45 2. (a) Such reserve fund shall be established in an amount equal to  
46 either (i) three percent of the total price or, (ii) (A) three percent  
47 of the actual sales price of all condominium units sold by the offeror  
48 at the time the preservation plan is declared effective, provided,  
49 however, that if such amount is less than one percent of the total  
50 price, then the fund shall be established as a minimum of one percent of  
51 the total price; plus (B) supplemental contributions to be made by the  
52 offeror at a rate of three percent of the actual sales price of condo-  
53 minium units for each unit held by the offeror and sold to bona fide  
54 purchasers subsequent to the effective date of the preservation plan and  
55 within five years of the consummation of the preservation plan, notwith-  
56 standing that the total amount contributed may exceed three percent of

1 the total price; and provided, further, that if five years from thirty  
2 days after the consummation of the preservation plan the total contrib-  
3 utions by the offeror to the fund are less than three percent of the  
4 total price the offeror shall pay the difference between the amount  
5 contributed and three percent of the total price. Supplemental contrib-  
6 utions shall be made within thirty days of each sale.

7 (b) Such dedicated capital fund shall be established in an amount  
8 equal to one-half of one percent of the total price, and shall be trans-  
9 ferred in full within thirty days of the date of consummation of the  
10 preservation plan into an account at a financial institution regulated  
11 by the department of financial services of the state of New York that  
12 shall have been opened by, and shall at all times be subject to the  
13 oversight authority of the relevant housing finance agency of the quali-  
14 fied owner of the income-restricted rental unit or units.

15 3. Notwithstanding the provisions of subdivisions one and two of this  
16 section, the contributions required pursuant to this section may be made  
17 earlier or in an amount greater than so provided, including as may be  
18 directed by the relevant housing finance agency. An offeror may claim  
19 and receive credit against the mandatory initial contribution to the  
20 reserve fund for the actual cost of capital replacements which such  
21 offeror has begun after the preservation plan is submitted for filing to  
22 the department of law and before the preservation plan is declared  
23 effective; provided, however, that any such replacements shall be set  
24 forth in the preservation plan together with their actual or estimated  
25 costs and further provided, that such credit shall not exceed the lesser  
26 of the actual cost of the capital replacements or one and a half percent  
27 of the total price.

28 4. The condominium board of managers shall report to unit owners and  
29 the relevant housing finance agency, and shall make available to all  
30 tenants in each building, on a semi-annual basis with respect to all  
31 deposits into and withdrawals from the reserve fund mandated by para-  
32 graph (a) of subdivision two of this section.

33 5. The offeror, not later than the thirtieth day following the accept-  
34 ance of a preservation plan for filing by the department of law pursuant  
35 to section three hundred fifty-two-eeee of the general business law and  
36 until the consummation of the preservation plan, shall post and maintain  
37 in a prominent place, accessible to all tenants in each building covered  
38 by the preservation plan, a listing of all violations of record against  
39 such buildings as determined by the department of buildings of the city  
40 of New York and the department of housing preservation and development  
41 of the city of New York. All newly issued violations shall be posted  
42 within forty-eight hours of their issuance and maintained as described  
43 in this subdivision. The offeror may satisfy the requirements of this  
44 section by designating an agent on the premises with whom such listing  
45 shall be made available for inspection by the tenants. Any penalty for  
46 failure to comply with a state or local building and housing maintenance  
47 law or regulation shall be paid by, and the sole responsibility of, the  
48 condominium board of managers.

49 6. Any provision purporting to waive the provisions of this section in  
50 any contract to purchase, any agreement between an offeror and a unit  
51 purchaser, any agreement between an offeror and the condominium board of  
52 managers created under a preservation plan, any agreement between an  
53 offeror and the owner of the income-restricted rental unit or units  
54 shall be void as against public policy.

55 7. (a) Except as otherwise provided in paragraph (b) of this subdivi-  
56 sion, any person who knowingly violates or assists in the violation of

1 any provision of this section shall be subject to a civil penalty of one  
2 hundred dollars per day per unit for each day that a building is not in  
3 compliance with the provisions of such section; provided, however, that  
4 such civil penalty shall not exceed one thousand dollars per unit.

5 (b) Any person who violates or assists in the violation of subdivision  
6 two of this section shall also be subject to a civil penalty of one  
7 thousand dollars per day for each day that the reserve fund required by  
8 subdivision two of this section is not established; provided, however,  
9 that such civil penalty shall not exceed the amount required to be  
10 reserved pursuant to subdivision two of this section.

11 (c) Any other action or proceeding in any court of competent jurisdic-  
12 tion that may be appropriate or necessary for the enforcement of the  
13 provisions of this section may be brought in the name of the people of  
14 the state of New York by the attorney general, including actions to  
15 secure permanent injunctions enjoining any acts or practices which  
16 constitute a violation of any provision of this section, mandating  
17 compliance with the provisions of this section or for such other relief  
18 as may be appropriate. In any such action or proceeding, the attorney  
19 general may apply to any court of competent jurisdiction, or to a judge  
20 or justice thereof, for a temporary restraining order or preliminary  
21 injunction enjoining and restraining all persons from violating any  
22 provision of this section, mandating compliance with the provisions of  
23 this section, or for such other relief as may be appropriate, until the  
24 hearing and determination of such action or proceeding and the entry of  
25 final judgment or order therein. The court, or judge or justice thereof,  
26 to whom such application is made, is hereby authorized to make any or  
27 all of the orders specified in this paragraph, as may be required in  
28 such application, with notice, and to make such other or further orders  
29 or directions as may be necessary to render the same effectual. No  
30 undertaking shall be required as a condition of the granting or issuing  
31 of such order, or by reason thereof.

32 (d) Nothing contained in this section shall impair any rights, reme-  
33 dies or causes of action accrued or accruing to purchasers of condomin-  
34 ium units with regard to the funding of the reserve fund and capital  
35 fund under this section.

36 § 4. Subdivision 2, subparagraph (i) of paragraph (a) of subdivision  
37 2-a, and paragraphs (a) and (c) of subdivision 7 of section 352-e of the  
38 general business law, subdivision 2 as amended by chapter 1042 of the  
39 laws of 1981, subparagraph (i) of paragraph (a) of subdivision 2-a as  
40 added by chapter 771 of the laws of 1983, paragraph (a) of subdivision 7  
41 as amended by section 1 of part BBB-1 of chapter 57 of the laws of 2008,  
42 and paragraph (c) of subdivision 7 as amended by chapter 637 of the laws  
43 of 1989, are amended to read as follows:

44 2. Unless otherwise provided by regulation issued by the attorney  
45 general, the offering statement or statements or prospectus required in  
46 subdivision one of this section shall be filed with the department of  
47 law at its office in the city of New York, prior to the public offering  
48 of the security involved. No offer, advertisement or sale of such secu-  
49 rities shall be made in or from the state of New York until the attorney  
50 general has issued to the issuer or other [offerer] offeror a letter  
51 stating that the offering has been filed. The attorney general, not  
52 later than thirty days after the submission of such filing, shall issue  
53 such a letter or, in the alternative, a notification in writing indicat-  
54 ing deficiencies in the offering statement, statements or prospectus;  
55 provided, however, that in the case of a building or group of buildings  
56 to be converted to cooperative or condominium ownership which is occu-

1 pled in whole or in part for residential purposes and which is not the  
2 subject of a preservation plan submitted pursuant to section three  
3 hundred fifty-two-eeee of this article, such letter or notification  
4 shall be issued in not sooner than four months and not later than six  
5 months from the date of submission of such filing. The attorney general  
6 may also refuse to issue a letter stating that the offering statement or  
7 statements or prospectus has been filed whenever it appears that the  
8 offering statement or statements or prospectus does not clearly set  
9 forth the specific property or properties to be purchased, leased, mort-  
10 gaged, or otherwise to be acquired, financed or the subject of specific  
11 investment with a substantial portion of the offering proceeds.

12 (i) "Plan". Every offering statement or prospectus submitted to the  
13 department of law for the conversion of a building or group of buildings  
14 or development from residential rental status to cooperative or condo-  
15 minium ownership, other than a plan governed by the provisions of either  
16 section three hundred fifty-two-eee [or], three hundred fifty-two-eeee  
17 or section three hundred fifty-two-eeee of this [chapter] article, or a  
18 plan for such conversion pursuant to article two, eight or eleven of the  
19 private housing finance law.

20 (a) The department of law shall collect the following fees for the  
21 filing of each offering statement or prospectus as described in subdivi-  
22 sion one of this section: seven hundred fifty dollars for every offering  
23 not in excess of two hundred fifty thousand dollars; for every offering  
24 in excess of two hundred fifty thousand dollars, four-tenths of one  
25 percent of the total amount of the offering but not in excess of [thir-  
26 ty] sixty thousand dollars of which one-half of said amount shall be a  
27 nonrefundable deposit paid at the time of submitting the offering state-  
28 ment to the department of law for review and the balance payable upon  
29 the issuance of a letter of acceptance for filing said offering state-  
30 ment. The department of law shall, in addition, collect a fee of [two  
31 hundred twenty-five] seven hundred fifty dollars for each other amend-  
32 ment to an offering statement. For each application granted by the  
33 department of law, which permits the applicant to solicit public inter-  
34 est or public funds preliminary to the filing of an offering statement  
35 or for the issuance of a "no-filing required" letter and any amendment  
36 thereto, the department of law shall collect a fee of [two] seven  
37 hundred [twenty-five] fifty dollars. [In the event the sponsor thereaft-  
38 er files an offering statement, the fee paid for the preliminary appli-  
39 cation shall be credited against the balance of the fee due and payable  
40 on filing.] For each application granted pursuant to section three  
41 hundred fifty-two-g of this article, the department of law shall collect  
42 a fee of two-tenths of one percent of the amount of the offering of  
43 securities; however, the minimum fee shall be seven hundred fifty  
44 dollars, and the maximum fee shall be [thirty] sixty thousand dollars.  
45 All revenue from that portion of any fee imposed pursuant to this para-  
46 graph, which exceeds twenty thousand dollars for offering statements,  
47 and five hundred twenty-five dollars for all other filings, shall be  
48 paid by the department of law to the state comptroller to be deposited  
49 in and credited to the real estate finance bureau fund, established  
50 pursuant to section eighty of the state finance law.

51 (c) Notwithstanding the provisions of paragraph (a) of this subdivi-  
52 sion, the department of law shall not collect any fees for the filing of  
53 an offering statement or prospectus or any amended filings thereto as  
54 described in subdivision one of this section whenever: (i) a conversion  
55 of a mobile home park, building or group of buildings or development  
56 from residential rental status to cooperative or condominium ownership

1 is being made pursuant to article eleven, eighteen, nineteen or twenty  
2 of the private housing finance law; or (ii) the offering statement or  
3 prospectus or amendment thereto is submitted to the department of law  
4 pursuant to section three hundred fifty-two-eeee of this article. For  
5 submissions made pursuant to section three hundred fifty-two-eeee of  
6 this article, the department of law shall instead collect the fees set  
7 forth in subdivision thirty-one of such section. All revenue from that  
8 portion of any fee imposed pursuant to subdivision thirty-one of section  
9 three hundred fifty-two-eeee of this article shall be paid by the  
10 department of law to the state comptroller to be deposited in and cred-  
11 ited to the real estate finance bureau fund, established pursuant to  
12 section eighty of the state finance law.

13 § 5. Paragraph (a) of subdivision 1 of section 352-eeee of the general  
14 business law, as amended by section 1 of part N of chapter 36 of the  
15 laws of 2019, is amended to read as follows:

16 (a) "Plan". Every offering statement or prospectus submitted to the  
17 department of law pursuant to section three hundred fifty-two-e of this  
18 article for the conversion of a building or group of buildings or devel-  
19 opment from residential rental status to cooperative or condominium  
20 ownership or other form of cooperative interest in realty, other than an  
21 offering statement or prospectus for such conversion pursuant to section  
22 three hundred fifty-two-eeee of this article or article two, eight or  
23 eleven of the private housing finance law.

24 § 6. The opening paragraph of subdivision a of section 26-504 of the  
25 administrative code of the city of New York is amended to read as  
26 follows:

27 Class A multiple dwellings not owned as a cooperative or as a condo-  
28 minium, except as provided in section three hundred fifty-two-eeee of  
29 the general business law or as provided in section three hundred fifty-  
30 two-eeee of the general business law, containing six or more dwelling  
31 units which:

32 § 7. This act shall take effect on the one hundred eightieth day after  
33 it shall have become a law; provided that sections one, two, and three  
34 of this act shall expire and be deemed repealed 6 years after such date;  
35 provided further, that such repeal shall not abrogate any requirements  
36 or responsibilities imposed on offerors or condominium boards of direc-  
37 tors as set forth in such sections, including but not limited to any  
38 such requirements or responsibilities contained in any regulatory agree-  
39 ments entered into pursuant to this act; and provided that the amend-  
40 ments to section 26-504 of chapter 4 of title 26 of the administrative  
41 code of the city of New York made by section six of this act shall  
42 expire on the same date as such law expires and shall not affect the  
43 expiration of such law as provided under section 26-520 of such law.

44 PART HH

45 Section 1. The public housing law is amended by adding a new article  
46 14-A to read as follows:

47 ARTICLE 14-A

48 HOUSING ACCESS VOUCHER PILOT PROGRAM

49 Section 605. Definitions.

50 606. Housing access voucher pilot program.

51 607. Eligibility.

52 608. Funding allocation and distribution.

53 609. Payment of housing vouchers.

54 610. Leases and tenancy.

