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Title: A Local Law to amend the administrative code of the City of New York, in relation to amending the rent stabilization law to provide for the streamlining of the rent regulation system, establishment of rent guidelines for housing accommodations subject to the city rent and rehabilitation law, and to bar certain rent adjustments.

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Int. No. 196

By Council Members Quinn, Reed, Moskowitz, Nelson, Perkins, Lopez, Avella, Brewer, Gerson, Katz, Martinez, Monserrate, Recchia and Serrano; also Council Members Addabbo, Jackson and Yassky

A Local Law to amend the administrative code of the City of New York, in relation to amending the rent stabilization law to provide for the streamlining of the rent regulation system, establishment of rent guidelines for housing accommodations subject to the city rent and rehabilitation law, and to bar certain rent adjustments.

Be it enacted by the Council as follows:

Section 1. Statement of findings and purposes. The council finds that the existing system of establishing rent adjustments for rent regulated housing accommodations is confusing and needlessly complex. The council further finds that the maximum base rent system established pursuant to local law number 30 for the year 1970 has over time become divorced from economic reality, resulting in discriminatory rent increases imposed on tenants, most of them elderly, of rent controlled apartments. The council further finds that the maximum base rent system works to the detriment of landlords of small buildings who do not apply for rent

increases because of burdensome paperwork requirements. The council further finds that the maximum base rent system has imposed an unnecessary administrative burden on the city rent agency. The council further finds that the maximum base rent system should be superseded by the method of establishing rent adjustments under the rent stabilization law of 1969. The council further finds that this change will streamline and simplify the rent regulation system and make it less confusing to landlords, tenants and the public.

The council further finds that annual registration of rents and services for rent controlled apartments, as is currently the system for rent stabilization, is necessary for effective administration. The council further finds that establishment of supplementary rent increases for low rent apartments is harmful to low income tenants and exacerbates the housing crisis by diminishing the supply of rental apartments available to low income persons and families and should be discontinued.

The council further finds that these amendments are necessary for the public health and welfare.

§ 2. Subdivision a of section 26-405 of the administrative code of the city of New York is amended by adding a new paragraph 10 to read as follows:

(10) (a) Notwithstanding any contrary provisions of this subdivision, effective January first, two thousand three, maximum rents for housing accommodations subject to this chapter shall no longer be established pursuant to paragraphs three and four of this subdivision, or limited by paragraph five of this subdivision, or adjusted by subparagraph (1) or (n) of paragraph one of subdivision g of this section.

(b) Except as otherwise provided in this paragraph, the rent guidelines board established pursuant to section 26-510 of this title shall establish an annual guideline for housing accommodations subject to this chapter, in the manner provided by such section. Not later than July first, two thousand three, and not later than July first annually thereafter, the rent guidelines board shall file with the city clerk its findings established in consideration of the economic factors listed in subdivision b of section 26-510 of this title, and shall accompany such findings with a statement of the maximum rate of rent adjustment, if any, for accommodations subject to this chapter authorized for the adjustment of the maximum rent of the housing accommodation for the twelve

month period commencing January first, two thousand two and for each succeeding twelve month period. The twelve month rent adjustment for housing accommodations subject to this chapter shall not exceed the rent adjustment for one year leases, in effect on January first of any such year, for housing accommodations subject to the rent stabilization law of 1969 pursuant to section 26-504 of this title.

(c) Effective January first, two thousand two, the maximum rent collectible from the tenant shall be the maximum rent collectible on December thirty-first, two thousand one, including any rent adjustments then collectible pursuant to subparagraph (n) of paragraph one of subdivision g of this section, as such rent may be adjusted pursuant to subparagraph (b) of this paragraph annually, without an order of the city rent agency, or as adjusted pursuant to any other provision of this chapter, provided that the landlord certifies to the city rent agency biennially that all rent impairing violations, as defined by section three hundred two-a of the multiple dwelling law, and at least eighty per centum of all other violations of the housing maintenance code or other state or local laws that impose requirements on property and which were recorded against the property on July first, two thousand three, or July first of the year preceding the adjustment, whichever is later, have been cleared, corrected or abated and the landlord has received a certificate of eligibility from the city rent agency that the violation clearing requirements set forth above have been met and further authorizing the landlord to collect any rent increase or adjustment authorized pursuant to this subparagraph, and the landlord has served such certificate upon the tenant residing in the housing accommodation.

(d) No rent adjustment pursuant to subparagraph (b) of this paragraph shall be collectible until the landlord shall have given written notice thereof to the tenant. Such notice shall be served on the tenant by mail or personal delivery not more than 90 days and not less than 60 days prior to the effective date of the rent adjustment. Late service of the notice on the tenant shall result in a delay of the effective date of the rent adjustment until the beginning of the first monthly rental period after 60 days following the service of the notice. Such notice shall be on a form prescribed by the city rent agency or a facsimile of such form.

(e) Maximum rates of rent adjustment shall not be established more than once annually for any housing

accommodation subject to this chapter within the board's jurisdiction. Once established, no such rate shall be adjusted by any surcharge, supplementary adjustment, reopener or other modification. No rent adjustment shall be established based on the rent level of housing accommodations subject to this title.

(f) Nothing contained in this paragraph shall alter, restrict or impair an owner's right to establish the initial regulated rent, subject to the provisions of section 26-513 of this title, for accommodations subject to this chapter which become vacant.

§ 3. Paragraph 6 of subdivision h of section 26-405 of the administrative code of the city of New York is amended by lettering the existing section as subparagraph a and by adding a new subparagraph b to read as follows:

(b) On or after January first, two thousand three, to be entitled to collect any annual rent adjustments pursuant to the provisions of paragraph ten of subdivision a of this section, a landlord must file with the city rent agency, as part of each registration required pursuant to subdivision k of section 26-409 of this title, a written certification that he or she is maintaining and will continue to maintain services furnished or required to be furnished pursuant to this chapter or required to be furnished by any law, ordinance or regulation applicable to the premises.

§ 4. Section 26-409 of the administrative code of the city of New York is amended by adding a new subdivision k to read as follows:

k. Effective January first, two thousand three, the city rent agency shall require the landlord of a building or property containing housing accommodations subject to this chapter, to execute and file registration statements with respect to such housing accommodations as follows:

(1) Each housing accommodation shall be registered by the landlord thereof annually with the city rent agency upon forms and in such manner as shall be prescribed by the city rent agency. At such time, a landlord shall also provide each tenant then in occupancy with a copy of that portion of such registration statement as pertains to the tenant's unit by personal delivery with acknowledgement of service, certified or registered mail,

or first class mail with official proof of service.

(2) Registration pursuant to this subdivision shall not be subject to the freedom of information law, provided that registration information relative to a tenant or landlord shall be made available to such party or his or her authorized representative.

(3) The failure to file a proper and timely rent registration statement, pursuant to this subdivision, shall, until such time as such registration is filed, bar a landlord from applying for or collecting any rent in excess of the maximum rent in effect on the date of the last preceding registration statement or if no such statements have been filed, the maximum rent in effect on the date that the housing accommodation became subject to the registration requirements of this subdivision. The filing of a late registration shall result in the prospective elimination of such sanctions and provided that increases in the legal regulated rent were lawful except for the failure to file a timely registration, the owner, upon the service and filing of a late registration, shall not be found to have collected an overcharge at any time prior to the filing of a late registration. If such late registration is filed subsequent to the filing of an overcharge complaint, the owner shall be assessed a late filing surcharge for each late registration in an amount equal to fifty percent of the timely rent registration fee.

§ 5. Paragraph (i) of Section 26-510 of the administrative code of the city of New York is amended to read as follows:

i. Maximum rates of rent adjustment shall not be established more than once annually for any housing accommodation within the board's jurisdiction. Once established, no such rate shall, within the one-year period, be adjusted by any surcharge, supplementary adjustment or other modification. No rent adjustment shall be established based on the rent level of housing accommodations subject to this title.

§ 6. If any clause, sentence, paragraph, section or part of this local law shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, section or part thereof directly involved in the controversy in which such judgment shall have been rendered.

§ 7. This local law shall take effect immediately.