Legislation Details (With Text)

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Int. No. 1212

By Council Members Torres, Garodnick, Williams, Chin, Rosenthal, Mendez, Gibson, Cornegy, Salamanca, Johnson, Menchaca, Miller, Maisel, Van Bramer and the Public Advocate (Ms. James)

A Local Law to amend the administrative code of the city of New York, in relation to the creation of a predatory equity lender watch list

Be it enacted by the Council as follows:

Section 1. There is hereby created a predatory equity lender task force to examine lending practices that are associated with predatory equity activity as it relates to multiple dwellings of 6 or more units in the city. This task force shall develop recommendations for standards and criteria to be promulgated by the commissioner of housing preservation and development and pursuant to which lenders may be categorized as engaging in activities that enable or contribute to predatory equity and may be included on the predatory equity lender watch list pursuant to section 27-2109.58 of the administrative code of the city of New York, as added by section six of this local law. These recommendations also shall include procedures by which the commissioner of housing preservation and development may obtain information necessary for determining whether a

particular lender should be included on a predatory equity lender watch list.

§ 2. The predatory equity lender task force shall consist of 9 members appointed by the mayor, comprising 2 tenant advocates, 2 lenders, and 5 public members each of whom has at least 5 years' experience in finance, economics or housing, none of whom may hold any other public office, employment or trust. The mayor shall designate 1 public member to serve as chair. Any vacancy on the predatory equity lender task force shall be filled in the same manner as an original appointment.

§ 3. The predatory equity lender task force shall hold at least 1 public hearing in each borough. The commissioner of housing preservation and development or such commissioner's designee shall serve as chairperson and shall convene the first meeting of the task force within 90 days after the effective date of this local law.

§ 4. No later than 1 year after the effective date of this local law, the predatory equity lender task force shall submit its findings and recommendations to the mayor and the speaker of the council. The predatory equity lender task force shall be dissolved upon submission of such report.

§ 5. No later than 120 days after the predatory equity lender task force has submitted its findings and recommendations, the commissioner of housing preservation and development, in consultation with the commissioner of finance, shall promulgate standards and criteria for including lenders on a predatory equity lender watch list, as required by section 27-2109.58 of the administrative code of the city of New York, as added by section six of this local law.

§ 6. Subchapter 4 of chapter 2 of title 27 of the administrative code of the city of New York is amended by adding a new article 3 to read as follows:

Article 3

Housing Watch Lists

§ 27-2109.51 Reserved
§ 27-2109.52 Creation of watch lists required.
§ 27-2109.53 Posting on department website; updates.
§ 27-2109.54 Removal from a watch list.
§ 27-2109.55 Reserved.

§ 27-2109.56 Reserved.
§ 27-2109.57 Reserved.
§ 27-2109.58 Predatory equity lender watch list.

§ 27-2109.51 Reserved.

§ 27-2109.52 Creation of watch lists required. The commissioner shall create and maintain watch lists in accordance with the requirements of this article.

§ 27-2109.53 Posting on department website; updates. a. The commissioner shall make the watch lists created pursuant to this article publicly available on the department's website and shall update each watch list not less than quarterly. The commissioner may use color designations for "High Risk" and "Moderate Risk" categories as specified in this article.

b. The commissioner shall make the watch lists created pursuant to this article searchable by the multiple dwelling's address; the name of the multiple dwelling's owner, including the names of principals, officers, directors or managers of such owner, as applicable; lender name, as applicable; and any other criteria that the commissioner chooses.

c. The commissioner shall provide, through the department's website, a means for members of the public to submit potential entries for any of the watch lists created pursuant to this article, including a means for providing supporting information. The commissioner shall establish a procedure for tracking each such submission and shall notify the submitter within 30 days whether or not the submitted entry meets the criteria for inclusion on a watch list created pursuant to this article.

d. Reserved.

e. The commissioner shall provide the mayor, the public advocate, each borough president, the speaker of the council and each council member, and each community board with a copy of the watch lists created pursuant to this article each time such watch lists are updated pursuant to subdivision a of this section.

§ 27-2109.54 Removal from a watch list. a. If the commissioner determines that an entry included on a watch list created pursuant to this article no longer satisfies the criteria for inclusion on such watch list, the

commissioner shall remove such entry within 10 business days of making that determination. Whenever the commissioner removes an entry from such a watch list, the commissioner shall post on the department's website the reasons such entry was removed and shall keep such posting available on such website for at least one year.

b. The commissioner shall establish procedures by which a person may request a determination by the department that an entry should be removed from a watch list created pursuant to this article.

§ 27-2109.55 Reserved.

§ 27-2109.56 Reserved.

§ 27-2109.57 Reserved.

§ 27-2109.58 Predatory equity lender watch list. a. The commissioner shall create and maintain a watch list of lenders who lend money on terms that enable or contribute to predatory equity in accordance with standards and criteria that the commissioner shall establish by rule.

b. The watch list created pursuant to this section shall include the name of the lender, the address of the multiple dwelling, the name of each owner of such multiple dwelling and any additional information that the commissioner requires by rule. Such additional information may include, where available and relevant, the names of any principals, officers, directors or managers of companies that own properties on the watch list.

c. Annually, on a date determined by the commissioner by rule, the commissioner shall transmit the predatory equity lender watch list created pursuant to this section to the United States comptroller of the currency, the board of governors of the federal reserve system and director of the consumer financial protection bureau, and may transmit such watch list to any other state or federal agency with the authority to enforce banking rules and regulations.

§ 7. This local law takes effect immediately, except that article 3 of subchapter 4 of chapter 2 of title 27 of the administrative code of the city of New York, as added by section six of this local law, takes effect 1 year and 120 days after this local law becomes law.

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