



Legislation Text

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Int. No. 1210-A

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

A Local Law to amend the administrative code of the city of New York, in relation to creating a program for evaluation of certain multiple dwellings and transactions to establish a speculation list.

Be it enacted by the Council as follows:

Section 1. 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

Speculation Watch List

§ 27-2109.51 Definitions.

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§ 27-2109.51 Definitions. For the purposes of this article:

Capitalization rate. The term “capitalization rate” means, with respect to a multiple dwelling, the quotient obtained when the net operating income of such multiple dwelling, as calculated by the department of finance, is divided by the sale price of such multiple dwelling’s most recent arms-length sale.

Qualified transaction. The term “qualified transaction” means a multiple dwelling sale transaction as defined by department rule pursuant to subdivision b of section 27-2019.52.

§ 27-2109.52 Speculation watch list. a. Within 300 days after the effective date of the local law that added this section, the department shall establish a speculation watch list. Such speculation watch list shall comprise certain multiple dwellings that contain six or more dwelling units in which a majority of such units

are rent regulated, and shall be created by analyzing the capitalization rate for qualified transactions involving such multiple dwellings and applying the criteria promulgated by rule pursuant to subdivision b of this section.

b. The department shall promulgate by rule the criteria for inclusion of a multiple dwelling on the speculation watch list established pursuant to subdivision a. Such rules shall define a qualified transaction for purposes of analyzing capitalization rate, and may also include, but need not be limited to, establishing the amount or ratio per dwelling unit of open hazardous and immediately hazardous violations, the amount or ratio per dwelling unit of paid or unpaid emergency repair charges, and the number of dwelling units, for purposes of including a multiple dwelling on the speculation watch list. The department may also promulgate by rule the criteria for removal of a multiple dwelling from the speculation watch list in instances where the department's analysis of the multiple dwelling has changed, or the multiple dwelling has entered into a regulatory agreement with the department requiring the operation of such building as affordable housing or the stabilization of rents in such building, or the multiple dwelling has obtained a certification of no harassment from the department.

c. The department shall post the following on its website:

1. The speculation watch list established pursuant to this article;
2. The criteria for inclusion on such list promulgated pursuant to subdivision b; and
3. The capitalization rate for each qualified transaction in a non-proprietary format that permits automated processing, to the extent that the disclosure of such information is not prohibited by any other provisions of law.

d. Such buildings on such list may be prioritized by the department for preservation programs or initiatives or may be subject to referral for appropriate enforcement of all applicable laws and rules.

e. The department shall update the speculation watch list on a quarterly basis or, in the department's discretion, more frequently.

f. Where a building is the subject of a regulatory agreement with the department requiring the operation of such building as affordable housing or the stabilization of rents in such building, in a manner determined by

the department, such building shall not be included on the speculation watch list.

g. On or after January 1, 2021, the department may change the methodology for identifying multiple dwellings for inclusion on the speculation watch list by amending its rules promulgated under subdivision b of this section to provide for alternative criteria, including but not limited to replacement of the capitalization rate as a criterion, for inclusion on the speculation watch list. In the event the department replaces capitalization rate as a criterion for inclusion on the speculation watch list, the department shall provide a report to the council at the same time that includes its rationale for such replacement, and shall substitute the posting of the capitalization rate provided for in paragraph 3 of subdivision c of this section with the posting of the metric replacing the capitalization rate as a criterion for inclusion on the speculation watch list.

§ 2. This local law takes effect immediately after it becomes law.

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