[***2021 N.Y. AB 7272***](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:64FW-H551-JS0R-23YP-00000-00&context=1000516)

Chaptered, December 22, 2021

**Reporter**

2021 N.Y. ALS 749; 2021 N.Y. Laws 749; 2021 N.Y. Ch. 749; 2021 N.Y. AB 7272

**NEW YORK ADVANCE LEGISLATIVE SERVICE > NEW YORK 244TH ANNUAL LEGISLATIVE SESSION > CHAPTER 749 > ASSEMBLY BILL 7272**

**Notice**

**Added:**Text highlighted in green

**Synopsis**

AN ACT to amend the private housing finance law, in relation to voting, election and referendum procedures; to requirements regarding mutual housing companies considering dissolution and/or reconstitution; to certain duties of a board of directors of a limited-profit housing company; and to prohibiting certain limited-profit housing companies from voluntarily dissolving during the state disaster emergency declared in response to the outbreak of COVID-19

Became a law December 22, 2021, with the approval of the Governor.

Passed by a majority vote, three-fifths being present.

**Text**

*The People of the State of New York, represented in Senate and Assembly, do enact as follows:*

**Section 1.**  The private housing finance law is amended by adding a new section [*13-c*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:652G-K4D3-CH1B-T24R-00000-00&context=1000516) to read as follows:

1. **eferendum procedures.**
2. Any shareholder vote shall be conducted using secret ballots. Such ballots shall be cast in-person by tenants entitled to occupancy in the project; unless such tenant casts such ballot using an absentee ballot issued pursuant to subdivision two of this section.
3. A shareholder entitled to occupancy in the project shall be entitled to request an absentee ballot to cast a ballot in any shareholder vote. Such absentee ballot shall be delivered or mailed only to the primary residence address of a shareholder entitled to occupancy in the project. An absentee ballot cast pursuant to this subdivision shall be sealed within two envelopes, shall contain the signature of the shareholder casting the vote, and shall be mailed to a neutral third party not running for a position on the board of directors.
4. Proxy voting shall not be permitted in an election for a position on a board of directors, for dissolution of the company, for the authorization of a feasibility study, for an offering plan including a red herring or black book, or any document offered in place of an offering plan as permitted by the attorney general.
5. In-person ballots shall produce a paper record which may be audited in the case of a contested election result.
6. No otherwise-eligible person shall be prevented from being a candidate for, being elected to, or serving on a board of directors based solely on that person owing or having owed any amount of any form of arrears to the housing company, unless, at the time of nomination, that person currently owes an amount of bona fide arrears greater than the equivalent of two months of that person’s monthly maintenance. Nothing in this subdivision shall be construed to require or mandate any housing company to adopt bylaws, rules, policies, or procedures restricting any person’s eligibility to be nominated, elected, or serve on a board of directors. Nothing contained in this subdivision shall be a basis in itself to deny such eligibility to any person.
7. For any shareholder vote requiring a specific percentage of dwelling units, the term “dwelling units” shall mean all dwelling units for which shares have been issued, regardless of whether such dwelling units are occupied or vacant.

**Section 2.**  The private housing finance law is amended by adding a new section [*35-a*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:652G-K8C3-GXJ9-317G-00000-00&context=1000516) to read as follows:

1. **dissolution.**

Mutual housing companies considering dissolution and/or reconstitution pursuant to section thirty-five of this article shall be subject to the following requirements:

1. Any vote for dissolution of the company, or to authorize a feasibility study, a preliminary offering plan which may be referred to as a red herring, a final offering plan which may be referred to as a black book, or a proxy statement, or to send a notice of intent to dissolve to the commissioner or supervising agency shall require the approval of eighty percent of all dwelling units owned by the mutual housing company.
2. No funds from the operating budget of the mutual housing company shall be used for the preparation or distribution of a feasibility study, a preliminary offering plan or red herring, a final offering plan or black book, a proxy statement, or a notice of intent to dissolve, or to pay for any services related to evaluation of, preparation for, or execution of dissolution and/or reconstitution pursuant to section thirty-five of this article, including but not limited to legal services.
3. No vote under subdivision one of this section, shall occur within five years following a vote under subdivision one of this section that failed.

**Section 3.**  Section [*17*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:652C-G0P3-CH1B-T15P-00000-00&context=1000516) of the private housing finance law is amended by adding two new subdivisions 4 and 5 to read as follows:

1. Notwithstanding the provisions of any law, general or special, a board of directors of a company created pursuant to the provisions of this article shall:
2. Hold at least six meetings of its members annually. Such meetings shall be open to the shareholders and residents, except that they may include executive sessions open only to directors for the sole purpose of discussing confidential personnel issues, legal advice and counsel from an attorney to whom the housing company is a client, or confidential issues affecting individual shareholders or residents, or contract negotiation.

1. File with the commissioner or the supervising agency, as the case may be, a record of any vote on a resolution of such board, including specification of how each director voted. Such record shall be a matter of public record.

1. Promptly give notice of and make available to all shareholders any communication to the housing company from the commissioner or the supervising agency, as the case may be, or the office of the attorney general, regarding regulations, changes in regulations, taxation, finances, refinancing, or, in the event of a proposed dissolution and reincorporation, the review of any version of an offering plan.

1. Investigate any substantive allegation that a tenant is not occupying his or her dwelling unit as his or her primary residence.

1. No housing company shall interfere with the right of a shareholder or tenant to form, join or participate in the lawful activities of any group, committee or other organization formed to protect the rights of shareholders and tenants; nor shall any housing company harass, punish, penalize, diminish, or withhold any right, benefit or privilege of a shareholder or tenant under their proprietary lease or tenancy for exercising such right.

1. Shareholder and/or tenants’ groups, committees or other shareholder and/or tenants’ organizations shall have the right to meet without being required to pay a fee in any location on the premises including a community or social room where use is normally subject to a fee which is devoted to the common use of all shareholders and/or tenants in a peaceful manner, at reasonable hours and without obstructing access to the premises or facilities. No housing company shall deny such right.

1. The board of directors shall take all necessary and appropriate actions to ensure that a manager or agent of the housing company complies with the requirements in this subdivision.

**Section 4.**

1. Notwithstanding any provision of law to the contrary, no company or urban rental company, as such terms are defined in [*section 12 of the private housing finance law*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:5CT3-1PX1-6RDJ-853G-00000-00&context=1000516), shall be dissolved pursuant to the provisions of section 35 of such law or shall undergo semi-privatization pursuant to 28 RCNY 3-14(i)(15), or shall initiate any actions or proceedings related to dissolution or semi-privatization, including but not limited to, conducting a vote to authorize a feasibility study; submitting a preliminary offering plan to the attorney general for approval; distributing a preliminary offering plan to shareholders; distributing a final offering plan or proxy statement to shareholders; submitting a notice of intent to dissolve to the commissioner of housing or supervising agency; committing, promising, or expending funds in any way for the purposes of dissolution or semi-privatization; or holding any of the required notice meetings during the state disaster emergency declared pursuant to executive order 202 of 2020 in response to the outbreak of novel coronavirus, COVID-19.

1. As used in this act, the term “semi-privatization” means dissolving as a mutual housing company and transferring the property to a housing development fund company organized pursuant to article XI of the private housing finance law.

**Section 5.**

This act shall take effect immediately; provided, however, [*sections one*](https://advance.lexis.com/api/document?collection=statutes-legislation&id=urn:contentItem:5CT3-1PX1-6RDJ-8538-00000-00&context=1000516), two and three of this act shall take effect on the ninetieth day after it shall have become a law.

**History**

Approved by the Governor December 22, 2021

Effective date: effect immediately; provided, however, sections one, two and three of this act shall take effect on the ninetieth day after it shall have become a law.

**Sponsor**

Rosenthal

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