

**OVERVIEW**

Pursuant to Multiple Dwelling Law (“MDL”) § 286(6), a protected occupant of an Interim Multiple Dwelling (“IMD”) may sell improvements. Improvements are fixtures that are permanently fixed to real property, alterations, and development of the IMD by a protected occupant. These may include but are not limited to, kitchen and bathroom fixtures, heating systems, interior partitions, or flooring. Improvements do not include removable household furnishings such as rugs, tables, and chairs. The Loft Board’s rules governing sales of improvements are found in [§ 2-07](#) of Title 29 of the Rules of the City of New York.

A protected occupant may sell improvements to the owner or a prospective incoming tenant at any time, following the procedure outlined below. A sale of improvements can happen after the unit is legalized and registered with the New York State Division of Housing and Community Renewal (DHCR).

Improvements may only be sold to an owner once. A sale of improvements may affect the rent charged. **Tenants should consult an attorney and carefully read any sales agreement before signing.**

The Loft Board rules require that a tenant seeking to sell improvements must comply with the following procedures at least thirty (30) days in advance of the proposed sale:

1. The tenant must notify the owner of the intent to sell the improvements made or purchased by the tenant, and of the identity of the prospective incoming tenant by delivering a Sales of Improvement Disclosure Form (Disclosure Form).
2. The original copy of the Disclosure Form must be filed with the Loft Board.
3. An opportunity to inspect and examine the improvements offered for sale must be afforded to the owner.

Within ten (10) days of the service of the Disclosure Form, the owner may request additional information and documentation from the outgoing and prospective incoming tenant. Any request for additional information shall not be unduly burdensome.

The owner must indicate that the unit is currently registered with the Loft Board and was so registered at the time of service of the Disclosure Form.

If the building registration is not current on the filing date of the Disclosure Form, the owner may not challenge the proposed sale, except on grounds of suitability of the proposed tenant, and must do so at a court of competent jurisdiction.

Within twenty (20) days of service of the Disclosure Form, or within twenty (20) days of service of the additional information reasonably requested, whichever is later, the owner shall deliver to the outgoing and prospective incoming tenant:

- 1) A notice of acceptance and commitment to purchase the improvements offered for sale at the offered price; **or**
- 2) A notice of consent to the prospective incoming tenant and sale; **or**
- 3) A challenge of the offer on one or more of the grounds found in 29 RCNY § 2-07(g).

If the challenge is based on the fair market value of the improvements, the notice shall also include the owner’s own fair market valuation of them and the owner’s commitment to purchase at such price if it is found to be the fair market value. If the rejection is based on the claim that the owner made or purchased

the improvements, the owner must identify the improvements and include proof of payment of the improvements or the materials. If the owner challenges the suitability of the prospective tenant, he must initiate an action in a court of competent jurisdiction. An owner's failure to send a notice of acceptance or rejection within the prescribed time, or such other time as mutually agreed upon in writing, shall be deemed consent to the prospective incoming tenant.

## SALES RECORD FILING FOR IMPROVEMENTS

If the owner purchased improvements, the owner must file with the Loft Board a complete [Improvement Sales Record Form](#) within thirty (30) days of the sale. Failure to do so may subject the owner to civil penalties. If a prospective incoming tenant purchased the improvements in the IMD unit, no further filing is required.

## EFFECT OF SALE OF IMPROVEMENTS

Upon completion of a sale of improvements to a prospective incoming tenant, the prospective incoming tenant assumes the rights of the outgoing tenant as the protected occupant.

Upon completion of the Sale of Improvements to the owner, an IMD unit may be exempt from rent regulation if the building has fewer than six (6) residential units on the effective date of the law. If the building has six (6) or more residential units, the unit will be subject to subsequent rent regulation after rented at market value. If an owner purchases the improvements, the owner will not be entitled to the de-regulation or market rental, if the owner is found to have harassed tenants. Harassment findings may be terminated pursuant to 29 RCNY § 2-02.