

NEW YORK CITY LOFT BOARD

Notice of Adoption

The New York City Loft Board hereby gives notice—pursuant to the authority granted by Multiple Dwelling Law § 282 and New York City Charter § 1043—of the adoption of amendments to its rules in Title 29 of the Rules of the City of New York.

The amendments in this rule were proposed and published on February 4, 2026. A public hearing was held on March 19, 2024. The Loft Board received four comments from the public.

Statement of Basis and Purpose of Rules

Background

In 1982, the New York State Legislature enacted Article 7-C of the Multiple Dwelling Law (MDL), also known as the Loft Law. The Loft Law created a new class of buildings in New York City called interim multiple dwellings (IMD). Initially, the Loft Law allowed the conversion to residential space of former commercial and manufacturing spaces that were used as residences by at least three or more families living independently from April 1, 1980, through December 1, 1981, in zoning districts that permitted residential use. The Legislature subsequently amended the Loft Law to allow for the conversion of commercial or manufacturing space used as residences in additional time periods. In 2010, the Legislature expanded the criteria for coverage to include spaces used as residences for twelve consecutive months in 2008 and 2009. In the most recent amendment enacted in June 2019, the Legislature adjusted the eligibility criteria for coverage under MDL § 281(5) and enacted a new subdivision (6) in MDL § 281, which expanded the scope of the law to include spaces used as residences for twelve consecutive months between 2015 and 2016 (see Chapter 41 of the Laws of 2019). These amendments have brought approximately 174 new buildings under the Loft Board’s jurisdiction, most of which are in the initial stages of legalization.

MDL § 284 sets forth deadlines for compliance with the standards of safety and fire protection established by Article 7-B of the MDL (“code compliance timetables”). Since the enactment of the initial code compliance timetable in 1982, the Legislature has created six additional code compliance timetables. In 1992, 1996, 1999, and 2002, the Legislature enacted code compliance timetables in paragraphs (ii), (iii), (iv) and (v) of subdivision 1 of MDL § 284, respectively, that apply to the buildings described in MDL § 281(1) and (4). In 2010, the Legislature enacted the code compliance timetable in MDL § 284(1)(vi) for buildings described in MDL § 281(5), and in 2019, the Legislature enacted the code compliance timetable for buildings described in MDL § 281(6), which are set forth in MDL § 284(1)(vii).

There are four deadlines in each code compliance timetable. Each deadline references a milestone in the legalization process. One of the milestones is achieving compliance with the fire and safety standards of Article 7-B of the MDL. The Loft Board’s current rules allow an owner to demonstrate compliance with these fire and safety standards by submitting a temporary or final certificate of occupancy, by filing a sworn statement attesting to compliance, or by submitting DOB records demonstrating that necessary

renovations have been completed. The last milestone in the code compliance timetables is obtaining a final certificate of occupancy for the residential portions of the building. The Loft Board is aware of approximately 33 buildings for which owners filed these sworn statements regarding Article 7-B compliance dating back as far as 1995, but which still have not reached compliance by obtaining a certificate of occupancy.

The amendments eliminate the options for demonstrating compliance with Article 7-B fire and safety standards by submitting either a sworn statement or DOB records showing completion of the necessary renovations for issuance of a residential certificate of occupancy. As the DOB has improved its response time for inspections necessary to obtain a certificate of occupancy, these statements and records are no longer necessary. As evidence of compliance with the fire and safety standards, the Loft Board's amendment requires the issuance of a temporary or a final certificate of occupancy.

With respect to buildings for which a sworn statement attesting to compliance with Article 7-B fire and safety standards has already been submitted, the Loft Board proposes to require that these buildings obtain a temporary or final residential certificate of occupancy within six months of the effective date of the amendments that will be made by this rule. Failure to obtain a certificate of occupancy within such time frame will result in a rebuttable presumption that an Owner, Landlord or Responsible Party failed to exercise all reasonable and necessary action to obtain a certificate of occupancy, and the Loft Board could pursue enforcement and the imposition of fines. An incremental penalty is also established.

The Loft Board's rules require quarterly reporting to the Loft Board about the progress of legalization. The existing opportunity for owners to cure violations impedes enforcement, because owners file the reports only when a violation from the Loft Board is issued and do not file quarterly, as required. This hampers the Loft Board's ability to oversee the legalization process in interim multiple dwellings. The amendment to 29 RCNY § 2-11.1(b)(5) removes the cure possibility for untimely quarterly reports concerning legalization and facilitates the Loft Board's enforcement efforts.

Summary of the Amendments

Section 1 amends the definition of "Art. 7-B compliance" in § 2-12 of Title 29 of the Rules of the City of New York ("29 RCNY") to remove both the option of filing a sworn statement from an architect or professional engineer and the option of submitting DOB records of alterations as evidence of compliance with the fire and safety standards of Article 7-B of the Multiple Dwelling Law.

Section 2 amends § 2-01.1(b)(6) of 29 RCNY to clarify a date referenced in § 2-01.1(b)(6)(i).

Section 3 amends § 2-01.1(b)(6) of 29 RCNY to add a new subparagraph (vi). This new subparagraph provides an enforcement mechanism against Owners, Landlords, or Responsible Parties of IMD buildings that filed a sworn certification of Article 7-B compliance but have not obtained a residential certificate of occupancy. Any such Owner, Landlord or Responsible Party must to obtain a temporary or final certificate of occupancy within six months from the effective date of these amended rules. If the temporary or final

residential certificate of occupancy is not obtained within this time frame, the Loft Board may pursue enforcement and impose fines.

Section 4 amends § 2-11.1(b)(5) of 29 RCNY:

1. To add a fine for the failure to file a narrative statement after filing the alteration application with the DOB for the legalization work required under Article 7-C;
2. To remove the cure period for failure to file a timely quarterly legalization report on the Loft Board form;
3. To add an incremental annual penalty for failure to obtain a temporary or final residential certificate of occupancy within six months after the effective date of this amended rule; and
4. To make corrections to the sections of law referenced in the penalty schedule.

On July 17, 2025, the Loft Board voted to initiate the rulemaking process under the Citywide Administrative Procedure Act for this rule amendment. The Loft Board is authorized to make these rules pursuant to MDL § 282 and City Charter § 1043.

A public hearing was held on March 19, 2026. The Loft Board received four comments from the public. One comment was mostly supportive of the amendment to the definition of Article 7-B but did not support the changes to the penalty schedule on the grounds that there could be legitimate reasons why an owner was unable to obtain a certificate of occupancy within the timeframe provided. The presumptions created by this rule are rebuttable, meaning that an owner would have an opportunity to present evidence of any such legitimate reasons. The process for challenging such a presumption is set forth in paragraph (7) of subdivision (b) of section 2-01.1. As such, no changes to the rule were made in response to this comment. The other three comments were supportive of the amendments.

New material is underlined.

[Deleted material is in brackets.]

“Shall” and “must” denote mandatory requirements and may be used interchangeably in the rules of this department, unless otherwise specified or unless the context clearly indicates otherwise.

Section 1. The definition of “Art. 7-B compliance” in subdivision (a) of section 2-12 of Title 29 of the Rules of the City of New York is amended to read as follows:

Art. 7-B compliance means compliance with the fire protection and safety standards of Art. 7-B of the MDL, or alternative building codes as authorized by MDL § 287. Art. 7-B compliance must be evidenced by:

- (1) DOB's issuance of a temporary residential certificate of occupancy; or
- (2) DOB's issuance of a final residential certificate of occupancy after June 21, 1992[;

- (3) DOB records demonstrating that the alterations necessary for issuance of a residential certificate of occupancy have been completed; or
- (4) The filing with the Loft Board of a sworn statement by a registered architect or professional engineer licensed in the State of New York stating that the IMD has achieved Art. 7-B compliance and the date of such compliance on the Loft Board approved form].

Section 2. Subparagraph (i) of paragraph (6) of subdivision (b) of section 2-01.1 of Title 29 of the Rules of the City of New York is amended to read as follows:

(i) Failure to file an Alteration Application to convert the IMD units to residential units within the later of the time periods set forth below constitutes a rebuttable presumption that the Owner, Landlord or Responsible Party has failed to take reasonable and necessary action to obtain a residential certificate of occupancy or a certificate of occupancy for the residential portions of the Building:

(A) [Three (3) Months of the effective date of this rule] December 11, 2013,
or

(B) Six (6) Months from receipt of a Loft Board Order granting IMD status to a Building or the issuance of an IMD registration number to the Owner or Responsible Party, or

(C) Six (6) Months from a finding of Art. 7-C coverage by a court of competent jurisdiction [constitutes a rebuttable presumption that the Owner or Responsible Party is not engaged in taking reasonable and necessary action to obtain a residential certificate of occupancy or a certificate of occupancy for the residential portions of the Building].

Section 3. Paragraph (6) of subdivision (b) of section 2-01.1 of Title 29 of the Rules of the City of New York is amended by adding a new subparagraph (vi) to read as follows:

(vi) (A) Rebuttable presumption. Where an Owner, Landlord or Responsible Party has filed with the Loft Board a sworn statement by a registered architect or professional engineer licensed in the State of New York stating that an IMD has achieved Art. 7-B compliance prior to the effective date of this rule, but such Owner, Landlord or Responsible Party has not obtained either a temporary certificate of occupancy or a final certificate of occupancy for the residential portions of the IMD, and more than six (6) months has elapsed since the effective date of this rule, the failure to obtain such a certificate of occupancy constitutes a rebuttable presumption that the Owner, Landlord or Responsible Party has failed to take reasonable and necessary action to obtain such a certificate of occupancy.

(B) Continuing violations. Failure to obtain a certificate of occupancy as described in clause (A) of this subparagraph shall constitute a violation of these rules. For each six-month period following the initial six-month period as described in such clause (A) during which an Owner, Landlord or Responsible Party has not

obtained either a temporary certificate of occupancy or a final certificate of occupancy for the residential portions of the IMD, such failure shall constitute a separate and distinct violation.

Section 4. Paragraph (5) of subdivision (b) of section 2-11.1 of Title 29 of the Rules of the City of New York is amended to read as follows:

(5) *Quarterly and requested reports and failure to take reasonable and necessary action to legalize Building pursuant to 29 RCNY §§ 2-01.1(a)(1)(ii) and (b)(6):*

An Owner or Responsible Party who is found:

(i) By the Loft Board's Executive Director to have violated the provisions of 29 RCNY § 2-01.1(b)(6) may be subject to a Class B civil penalty pursuant to 29 RCNY § 2-01.1(b)(7) as follows; or

(ii) To have failed to file quarterly or requested reports or to have made false statements in the reports filed pursuant to 29 RCNY § 2-01.1(a)(1)(ii), may be subject to a Class B civil penalty as follows:

VIOLATION DESCRIPTION	SECTION OF LAW	CURE within 30 days	PENALTY PER VIOLATION, UP TO \$25,000
Failure to Take Reasonable and Necessary Action: Failure to File an Alteration Application with DOB	29 RCNY § 2-01.1(b)(6)(i), (b)(7)	Yes	Up to \$1,000 per day
<u>Failure to Take Reasonable and Necessary Action: Failure to File a Narrative Statement</u>	<u>29 RCNY § 2-01.1(b)(6)(ii), (b)(7)</u>	<u>No</u>	<u>Up to \$1,000 per day</u>
Failure to Take Reasonable and Necessary Action: Failure to Obtain [a] <u>an</u> Alteration Permit	[29 RCNY § 2-01.1(b)(6)(ii), (b)(7)] <u>29 RCNY § 2-01.1(b)(6)(iii), (b)(7)</u>	Yes	Up to \$1,000 per day
Failure to Take Reasonable and Necessary Action: Failure to Maintain a Current Alteration Permit	[29 RCNY § 2-01.1(b)(6)(iii), (b)(7)] <u>29 RCNY § 2-01.1(b)(6)(iv), (b)(7)</u>	Yes	Up to \$1,000 per day
Failure to Take Reasonable and Necessary Action: Failure to Maintain a Temporary Certificate of	[29 RCNY § 2-01.1(b)(6)(iv), (b)(7)] <u>29 RCNY § 2-01.1(b)(6)(v), (b)(7)</u>	Yes	Up to \$1,000 per day

Occupancy for the Residential Portion of the Building			
<u>Failure to Take Reasonable and Necessary Action:</u> <u>Failure to Obtain a Temporary or Final Certificate of Occupancy Within Six Months of the Effective Date of This Rule After Submission of Documents Evidencing Compliance with the Fire and Safety Standards of Article 7-B of the MDL</u>	<u>29 RCNY § 2-01.1(b)(6)(vi)</u>	<u>No</u>	<u>\$3,000 for the 1st violation</u> <u>\$10,000 for the 2nd violation</u> <u>\$15,000 for the 3rd violation</u> <u>\$18,000 for the 4th violation</u> <u>\$25,000 for the 5th violation and every violation thereafter</u>
Failure to Take Reasonable and Necessary Action: Failure to File Quarterly or Requested Reports	[29 RCNY § 2-01.1(a)(1)(ii)(D)] <u>29 RCNY § 2-01.1(a)(1)(ii)(A), (D)</u>	[Yes] <u>No</u>	Up to \$1,000 per missing report
Failure to Take Reasonable and Necessary Action: Filing False Statements in Quarterly or Requested Report	29 RCNY § 2-01.1(a)(1)(ii)(E)	No	\$5,000 per false statement