

The Mitchell-Lama Law has been amended to expand protections for ML cooperators...

On March 18, 2022, Governor Kathy Hochul signed the Mitchell-Lama Reform Bill of 2021 into law.

This law amends the existing Mitchell-Lama Law (Private Housing Finance Law, Article 2) by significantly expanding cooperator rights and spelling out mandatory standards for the democratic functioning of boards of directors. These are some highlights of the new law.

For the full text of the Mitchell-Lama Law, visit: <https://www.nysenate.gov/legislation/laws/PVH/A2>

Good governance

A Mitchell-Lama board of directors must:

- Hold at least four meetings per year. If the co-op's bylaws specify more than four meetings, the board must adhere to the bylaws requirements.
- All board meetings, including all board discussion and board voting must be open for OBSERVATION by all shareholders unless an executive session (board members only) is triggered (*see next bullet*).
- A board may hold executive sessions ONLY for the purpose of discussing the following FOUR matters:
 - confidential personnel issues
 - confidential issues affecting individual cooperators
 - legal advice from the board's counsel
 - contract negotiations
- Maintain a record of votes on all resolutions, including the vote of each director, and post this record on a website accessible by all cooperators. This record may redact business transacted in executive session.
- Promptly post on a website accessible to shareholders all communications with the supervising agency relating to refinancing; any deficiency letters from the attorney general, and subsequent drafts of red herrings or draft proxy statements in response to deficiency letters; and any offers of financing from any agencies.

Voting

(in board elections & privatization votes)

- Voting must be in-person or by absentee ballot (proxy voting is prohibited).
- Absentee voting must be by secret ballot, and must be conducted by a third party, using standard double envelope methods.

Dissolution

Procedure to dissolve (privatize) a Mitchell-Lama cooperative

- The commissioning of any feasibility study (the first step toward privatization) must be authorized by a two-thirds vote of dwelling units. All feasibility studies must be funded by a special assessment of shareholders, approved in the same vote, by the same percentage.
- Any vote to authorize and fund an offering plan (red herring—the second step in privatization) must be approved by 80 percent of dwelling units. All red herrings must be funded by a special assessment of shareholders, approved in the same vote, by the same percentage.
- Any vote to approve an offering plan (final step in privatization) must be by 80 percent of dwelling units.
- If any of the three privatization votes fails, no new vote may be held for five years.

Shareholders' right to organize

Rights of shareholder groups

- The housing company may not interfere in any way with the right of shareholders to form or participate in groups for the protection of their rights.
- These shareholder groups may meet in the community room without paying a fee.

Rights of shareholders

- The housing company shall not harass, punish, penalize, diminish, or withhold any right, benefit or privilege of a shareholder for exercising the above rights.

