

STATE OF NEW YORK

595--A

2025-2026 Regular Sessions

IN SENATE

(Prefiled)

January 8, 2025

Introduced by Sens. HINCHEY, ASHBY, JACKSON, MAY -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development -- recommitted to the Committee on Housing, Construction and Community Development in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the private housing finance law, in relation to establishing the small rental housing development initiative

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

1 Section 1. The private housing finance law is amended by adding a new
2 article 33 to read as follows:

ARTICLE XXXIII

SMALL RENTAL HOUSING DEVELOPMENT INITIATIVE

5 Section 1300. Legislative findings and statement of policy.

6 1301. Definitions.

7 1302. Small rental housing development initiative.

8 § 1300. Legislative findings and statement of policy. The legislature
9 hereby finds and declares that there exists in many rural areas of the
10 state a substantial need for affordable rental housing of a size that is
11 suitable to small communities with limited infrastructure. The findings
12 set forth in article seventeen of this chapter, with respect to the
13 special needs and problems of such areas and the significant potential
14 role of locally based not-for-profit organizations in helping to meet
15 such needs, are hereby reaffirmed. The legislature hereby determines
16 that, in addition to the program of state support to help meet the
17 administrative expenses of such organizations under article seventeen of
18 this chapter, a further public need exists for state funding for the
19 development of affordable rental housing of between two and twenty

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 units. It is the purpose of this article to encourage the acquisition,
2 rehabilitation, and construction of affordable rental housing including
3 in the rural areas of the state by establishing a dedicated program of
4 such funding.

5 § 1301. Definitions. For the purposes of this article, the following
6 terms shall have the following meanings:

7 1. "Corporation" shall mean the housing trust fund corporation estab-
8 lished in section forty-five-a of this chapter.

9 2. "Small rental housing developments" shall mean affordable rental
10 apartment buildings of between two and twenty units for low to moderate
11 income households.

12 3. "Rural area" shall mean cities, towns and villages having a popu-
13 lation of less than thirty thousand as determined by the last federal
14 decennial census.

15 4. "Eligible applicant" shall mean a housing or community development
16 not-for-profit organization eligible to do business in New York state.

17 5. "Low to moderate-income household" shall mean a household with up
18 to one hundred twenty percent of area median income.

19 6. "Period of affordability" shall mean the required length of time a
20 project must meet affordability requirements pursuant to this article
21 and to be specified in the project note and mortgage.

22 § 1302. Small rental housing development initiative. 1. Applicants
23 acquiring, rehabilitating, or constructing small rental housing develop-
24 ments shall be eligible for state funding in the form of deferred
25 payment, at zero percent interest loans, due on sale. Such zero interest
26 loans may be subject to forgiveness in accordance with the provisions of
27 subdivision two of this section.

28 (a) The eligible applicant shall have a payback period for such loan
29 of twenty years.

30 (b) The maximum per-unit subsidy shall be determined by the commis-
31 sioner.

32 (c) Funds shall be used for the acquisition, rehabilitation, and
33 construction of residential units and may be used for all rehabilitation
34 and construction costs necessary for the building, including the
35 construction of common areas used for the benefit of residents.

36 (d) Funds may be used to cover a part of or all costs required to
37 acquire, construct, or rehabilitate a small rental housing development.

38 2. (a) Zero interest loans issued in accordance with subdivision one
39 of this section shall be deferred for the period of affordability. If
40 the eligible applicant, who is the recipient of a zero interest loan,
41 remains in compliance with all program requirements for the entirety of
42 the period of affordability, the zero interest loan may be forgiven and
43 the mortgage lien placed against the property may be satisfied.

44 (b) If the property of an eligible applicant is sold during the period
45 of affordability, the sum of any outstanding mortgage must be re-paid.
46 The mortgage lien may be assumed by a new purchaser only if approved by
47 the corporation, subject to any conditions or requirements set by the
48 corporation.

49 (c) The regulatory agreement of the small rental housing initiative
50 shall run with the property throughout the entirety of the period of
51 affordability, regardless of any change in ownership.

52 (d) Awards made under this program shall be pursuant to a regulatory
53 agreement, including rent setting and any and all rent increases during
54 the affordability period.

1 (e) The developer shall be eligible for a developer's fee of up to
2 fifteen percent of small rental development initiative funds pursuant to
3 any requirements established by the corporation relating to such fees.

4 (f) At least sixty percent of the total funds awarded pursuant to this
5 article in any fiscal year shall be allocated to projects located in
6 rural areas of the state.

7 3. Applicants with proposals not selected for funding may request a
8 review and debrief from the corporation of the reasons why the proposal
9 was not selected for funding.

10 4. The corporation shall develop additional procedures and require-
11 ments related to the application and award of funding for projects
12 pursuant to this article as deemed necessary or appropriate to implement
13 the purposes and provisions of this article.

14 § 2. This act shall take effect immediately.