

# STATE OF NEW YORK

6127

2023-2024 Regular Sessions

## IN ASSEMBLY

April 3, 2023

Introduced by M. of A. HUNTER -- read once and referred to the Committee on Housing

AN ACT to amend the real property law, in relation to prohibiting corporate entities, developers, and contractors from converting single-family homes into a rental property unit

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

Section 1. The real property law is amended by adding a new article 11 to read as follows:

### ARTICLE 11

#### RENTAL OF SINGLE-FAMILY PRIVATE DWELLINGS

##### Section 360. Legislative findings.

##### 361. Definitions.

##### 362. Single-family private dwelling rental restricted.

##### 363. Enforcement.

##### 364. Rules and regulations.

§ 360. Legislative findings. The legislature finds that it is in the interests of the state to encourage and protect home ownership and the single-family home as a basic housing option, to allow families increased access to housing through homeownership, for families to build equity and wealth through their housing, and to enhance and promote the stability and well-being of families and society in New York.

§ 361. Definitions. As used in this article, the following terms shall have the following meanings:

1. "Affordable housing" means at least two-thirds of an entity's rental units are rented to an individual or family with an annual income of up to fifty percent of the area median income as determined by the United States department of housing and urban development, adjusted for family size, that is paying no more than thirty percent of annual income on rent.

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

LBD10492-01-3

1 2. "Commissioner" shall mean the commissioner of housing and community  
2 renewal.

3 3. "Corporate entity" means any partnership, corporation, limited  
4 liability company, pension or investment fund, or trust but does not  
5 include a nonprofit corporation, a family trust, or a family limited  
6 liability company.

7 4. "Family limited liability company" means a limited liability compa-  
8 ny meeting the following standards:

9 (a) it has no more than five members;

10 (b) all its members are natural persons or family trusts;

11 (c) all of its members who are natural persons or spouses of natural  
12 persons are related to each other within the third degree of kindred  
13 according to the rules of civil law; and

14 (d) its revenue from rent or any other means is paid directly from one  
15 member to another.

16 5. "Family trust" means:

17 (a) a trust in which:

18 (i) a majority of the current beneficiaries are persons or spouses of  
19 persons who are related to each other within the third degree of kindred  
20 according to the rules of civil law;

21 (ii) all of the current beneficiaries are natural persons or nonprofit  
22 corporations or trusts described in Internal Revenue Code, section  
23 170(c), as amended; and

24 (iii) one of the current beneficiaries or a person related to a  
25 current beneficiary within the third degree of kindred according to the  
26 rules of civil law is residing at the property subject to the trust; or

27 (b) a charitable remainder trust as defined in Internal Revenue Code,  
28 section 664, as amended, or a charitable lead trust as set forth in  
29 Internal Revenue Code, section 170(f).

30 6. "Not-for-profit corporation" means a not-for-profit corporation  
31 organized under state not-for-profit corporation law or qualified for  
32 tax-exempt status under federal tax law that was incorporated for the  
33 purpose of providing affordable housing.

34 7. "Pension or investment fund" means a pension or employee welfare  
35 benefit fund, however organized; a mutual fund; a life insurance company  
36 separate account; a common trust of a bank or other trustee established  
37 for the investment and reinvestment of money contributed to it; a real  
38 estate investment trust; or an investment company as defined in United  
39 States Code, title 15, section 80a-3.

40 8. "Real estate developer" means a business that is engaged in real  
41 estate development or construction.

42 9. "Residential building contractor" means a person in the business of  
43 building residential real estate, or of contracting or offering to  
44 contract with an owner to build residential real estate. A residential  
45 building contractor may also contract or offer to contract with an owner  
46 to improve existing residential real estate.

47 10. "Single-family private dwelling" is any building or structure  
48 designed and occupied exclusively for residence purposes by one family.

49 § 362. Single-family private dwelling rental restricted. 1. No corpo-  
50 rate entity, real estate developer, or residential building contractor  
51 shall:

52 (a) directly or indirectly purchase, own, build, acquire, or otherwise  
53 obtain any interest in any single-family private dwelling; and

54 (b) subsequently convert such property into residential real estate  
55 containing one rental unit.

1 2. A corporate entity, real estate developer, or residential building  
2 contractor may petition the commissioner for an exemption from subdivi-  
3 sion one of this section. The commissioner shall issue an exemption if  
4 the entity meets the following criteria:

5 (a) the exemption would not contradict the purpose of this section;  
6 and

7 (b) the petitioning entity would not have an impact upon the avail-  
8 ability of affordable housing.

9 3. The commissioner shall review annually each entity, developer, or  
10 contractor that is issued an exemption under subdivision two of this  
11 section to ensure that the entity continues to meet the criteria in such  
12 subdivision. If an entity, developer, or contractor fails to meet such  
13 criteria, the commissioner shall withdraw the exemption and the entity  
14 is subject to enforcement proceedings under section three hundred  
15 sixty-three of this article. The commissioner shall submit a report with  
16 a list of each entity that is issued an exemption under subdivision two  
17 of this section to the chairs of the senate housing, construction and  
18 community development committee and the assembly housing committee annu-  
19 ally by the first of October.

20 § 363. Enforcement. If the attorney general has reason to believe that  
21 a corporate entity, real estate developer, or residential building  
22 contractor is in violation of the provisions of this article, the attor-  
23 ney general shall commence an action in the district court in which any  
24 real property relative to such violation is situated. The attorney  
25 general shall file a notice of the pendency of the action for record  
26 with the county clerk of each county in which any portion of said prop-  
27 erty is located. If the court finds that the property in question is  
28 being held in violation of this article, it shall enter an order so  
29 declaring. The attorney general shall file for record any such order  
30 with the county clerk for the county in which the property is located.  
31 Thereafter, the corporate entity, real estate developer, or residential  
32 building contractor in violation of the provisions of this article shall  
33 have a period of one year from the date of such order to divest itself  
34 of the property. The aforementioned one-year limitation period shall be  
35 deemed a covenant running with the title to the property against the  
36 entity, developer, contractor, assignee, or successor. Any property not  
37 so divested within the time prescribed shall be sold at public sale in  
38 the manner prescribed by law for the foreclosure of a mortgage by  
39 action. In addition, any prospective or threatened violation may be  
40 enjoined by an action brought by the attorney general in the manner  
41 provided by law.

42 § 364. Rules and regulations. The commissioner shall promulgate all  
43 rules and regulations necessary for the implementation of this section.

44 § 2. This act shall take effect on the one hundred eightieth day after  
45 it shall have become a law. Effective immediately, the addition, amend-  
46 ment and/or repeal of any rule or regulation necessary for the implemen-  
47 tation of this act on its effective date are authorized to be made and  
48 completed on or before such effective date.