STATE OF NEW YORK

2709

2025-2026 Regular Sessions

IN ASSEMBLY

January 22, 2025

Introduced by M. of A. ROSENTHAL -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to excluding certain owners of single family residential rental properties from being eligible for credits for interest payments and depreciation for such rental properties

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

Section 1. Subdivision 1 of section 210-B of the tax law is amended by adding a new paragraph (g) to read as follows:

(g) (1) A taxpayer shall not be allowed a credit under this subdivision for any interest paid or accrued in connection with any single family residential rental property owned (directly or indirectly) by a disqualified single family property owner; provided, however that this paragraph shall not apply with respect to interest paid or accrued in the taxable year in which such single family residential rental property is sold to an individual for use as the principle residence of the individual or to a qualified nonprofit organization.

(2) A taxpayer shall not be allowed a credit under this subdivision for depreciation in connection with any single family residential rental property owned by a disqualified single family property owner; provided, however that this paragraph shall not apply with respect to depreciation in connection with a single family residential rental property in the taxable year in which such single family residential rental property is sold to an individual for use as the principle residence of the individual or to a qualified nonprofit organization.

(3) For the purposes of this paragraph, the following terms shall have the following meanings:

(i) "Community land trust" means a nonprofit organization or state or local government instrumentality that: (A) uses a ground lease or deed covenant with an affordability period of at least thirty years or more

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

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to make rental homeownership units affordable to households and stipulates a preemptive option to purchase the affordable rentals or homeownership units so that the affordability or the units is preserved for successive income-eligible households; and (B) monitors properties to ensure affordability is preserved.

(ii) "Disqualified single family property owner" means any taxpayer who owns (directly or indirectly) more than one single family residential rental property.

(iii) "Land bank" means a government entity, agency, or program, or a special purpose nonprofit entity formed by one or more units of government in accordance with state or local land bank enabling law, that has been designated by one or more state or local governments to acquire, steward, and dispose of vacant, abandoned, or other problem properties in accordance with locally-determined priorities and goals.

(iv) "Qualified nonprofit organization" means any organization which is not organized for profit and has as a principal purpose the creation, development, or preservation of affordable housing. "Qualified nonprofit organization" shall include any community development corporation, any community housing development organization, any community-based development organization qualified under section 570.204 of title 24, Code of Federal Regulations, as in effect on the effective date of this paragraph, any land bank, any resident-owned cooperative or community land trust, and any subsidiary of a public housing agency.

(v) "Residential rental property" means any building or structure where eighty percent or more of the gross rental income from such building or structure for the taxable year is rental income from dwelling units.

(vi) "Single family residential rental property" means: (A) any residential rental property which contains four or fewer dwelling units; and (B) improvements to real property directly related to such dwelling units located on the site of such dwelling units. "Single family residential rental property owner" shall not include any residential rental property which is eligible for a low income housing credit for such taxable year or was constructed by the taxpayer or acquired by the taxpayer after its construction but before the first date on which any dwelling unit in such property was occupied by a resident.

§ 2. Subsection (a) of section 606 of the tax law is amended by adding a new paragraph 14 to read as follows:

(14) (A) A taxpayer shall not be allowed a credit under this subsection for any interest paid or accrued in connection with any single family residential rental property owned (directly or indirectly) by a disqualified single family property owner; provided, however that this paragraph shall not apply with respect to interest paid or accrued in the taxable year in which such single family residential rental property is sold to an individual for use as the principle residence of the individual or to a qualified nonprofit organization.

(B) A taxpayer shall not be allowed a credit under this subsection for depreciation in connection with any single family residential rental property owned by a disqualified single family property owner; provided, however that this paragraph shall not apply with respect to depreciation in connection with a single family residential rental property in the taxable year in which such single family residential rental property is sold to an individual for use as the principle residence of the individual or to a qualified nonprofit organization.

(C) For the purposes of this paragraph, the following terms shall have the following meanings:

(i) "Community land trust" means a nonprofit organization or state or local government instrumentality that: (A) uses a ground lease or deed covenant with an affordability period of at least thirty years or more to make rental homeownership units affordable to households and stipulates a preemptive option to purchase the affordable rentals or homeownership units so that the affordability or the units is preserved for successive income-eligible households; and (B) monitors properties to ensure affordability is preserved.

(ii) "Disqualified single family property owner" means any taxpayer who owns (directly or indirectly) more than one single family residential rental property.

(iii) "Land bank" means a government entity, agency, or program, or a special purpose nonprofit entity formed by one or more units of government in accordance with state or local land bank enabling law, that has been designated by one or more state or local governments to acquire, steward, and dispose of vacant, abandoned, or other problem properties in accordance with locally-determined priorities and goals.

(iv) "Qualified nonprofit organization" means any organization which is not organized for profit and has as a principal purpose the creation, development, or preservation of affordable housing. "Qualified nonprofit organization" shall include any community development corporation, any community housing development organization, any community-based development organization qualified under section 570.204 of title 24, Code of Federal Regulations, as in effect on the effective date of this paragraph, any land bank, any resident-owned cooperative or community land trust, and any subsidiary of a public housing agency.

(v) "Residential rental property" means any building or structure where eighty percent or more of the gross rental income from such building or structure for the taxable year is rental income from dwelling units.

(vi) "Single family residential rental property" means: (I) any residential rental property which contains four or fewer dwelling units; and (II) improvements to real property directly related to such dwelling units located on the site of such dwelling units. "Single family residential rental property owner" shall not include any residential rental property which is eligible for a low income housing credit for such taxable year or was constructed by the taxpayer or acquired by the taxpayer after its construction but before the first date on which any dwelling unit in such property was occupied by a resident.

§ 3. The commissioner of taxation and finance shall promulgate rules and regulations as may be necessary or appropriate to carry out the provisions of this act, including to prevent the avoidance of compliance with this act.

§ 4. This act shall take effect immediately.