

STATE OF NEW YORK

3930

2025-2026 Regular Sessions

IN ASSEMBLY

January 30, 2025

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

AN ACT to amend the real property law, the general business law and the
banking law, in relation to regulating the use of artificial intelligence
in aiding decisions on rental housing and loans; and providing
for the repeal of certain provisions upon expiration thereof

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

1 Section 1. The real property law is amended by adding a new section
2 227-g to read as follows:

3 § 227-g. Use of automated decision tools. 1. For the purposes of this
4 section, the following terms shall have the following meanings:

5 (a) "Automated decision tool" means any computational process, derived
6 from machine learning, statistical modeling, data analytics, or artificial
7 intelligence, that issues simplified output, including a score,
8 classification, or recommendation, that is used to substantially assist
9 or replace discretionary decision making for making housing decisions
10 that impact natural persons. "Automated decision tool" does not include
11 a tool that does not automate, support, substantially assist, or replace
12 discretionary decision-making processes and that does not materially
13 impact natural persons, including, but not limited to, a junk email
14 filter, firewall, antivirus software, calculator, spreadsheet, database,
15 data set, or other compilation of data.

16 (b) "Disparate impact analysis" means an impartial evaluation
17 conducted by an independent auditor. Such disparate impact analysis
18 shall include, but not be limited to, testing of the extent to which use
19 of an automated decision tool is likely to result in an adverse impact
20 to the detriment of any group on the basis of sex, race, ethnicity, or
21 other protected class under this article. A disparate impact analysis
22 shall differentiate between applicants who were selected and applicants
23 who were not selected by the tool.

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

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1 (c) "Housing decision" means to screen applicants for housing.

2 2. It shall be unlawful for a landlord to implement or use an auto-
3 mated decision tool that fails to comply with the following provisions:

4 (a) No less than annually, a disparate impact analysis shall be
5 conducted to assess the actual impact of any automated decision tool
6 used by any landlord to select applicants for housing within the state.
7 Such disparate impact analysis shall be provided to the landlord.

8 (b) A summary of the most recent disparate impact analysis of such
9 tool as well as the distribution date of the tool to which the analysis
10 applies shall be made publicly available on the website of the landlord
11 prior to the implementation or use of such tool. Such summary shall
12 also be made accessible through any listing for housing on a digital
13 platform for which the landlord intends to use an automated decision
14 tool to screen applicants for housing.

15 3. (a) Any landlord that uses an automated decision tool to screen
16 applicants for housing shall notify each such applicant of the follow-
17 ing:

18 (i) That an automated decision tool will be used in connection with
19 the assessment or evaluation of such applicant;

20 (ii) The characteristics that such automated decision tool will use in
21 the assessment of such applicant;

22 (iii) Information about the type of data collected for such automated
23 decision tool, the source of such data, and the landlord's data
24 retention policy; and

25 (iv) If an application for housing is denied through use of the auto-
26 mated decision tool, the reason for such denial.

27 (b) The notice required by paragraph (a) of this subdivision shall be
28 made no less than twenty-four hours before the use of such automated
29 decision tool and shall allow such applicant to request an alternative
30 selection process or accommodation.

31 4. The attorney general may initiate an investigation if a preponder-
32 ance of the evidence, including the summary of the most recent disparate
33 impact analysis establishes a suspicion of a violation. The attorney
34 general may also initiate in any court of competent jurisdiction any
35 action or proceeding that may be appropriate or necessary for correction
36 of any violation issued pursuant to this section, including mandating
37 compliance with the provisions of this section or such other relief as
38 may be appropriate.

39 § 2. The general business law is amended by adding a new section 344
40 to read as follows:

41 § 344. Use of pricing algorithmic in setting rent amount prohibited.

42 1. For the purposes of this section, the following terms shall have the
43 following meanings:

44 (a) "Pricing algorithm" shall mean any computational process, includ-
45 ing a computational process derived from machine learning or other arti-
46 ficial intelligence techniques, that processes data to recommend or set
47 a price or commercial term that is in or affecting interstate or foreign
48 commerce.

49 (b) "Coordinator" shall mean any operator of a software or data
50 analytics service that performs a coordinating function for any land-
51 lord, including a landlord performing a coordinating function for such
52 landlord's own benefit.

53 (c) "Nonpublic competitor data":

54 (i) shall mean nonpublic data that is derived from or otherwise
55 provided by another person that competes in the same market as a person,
56 or a related market; and

1 (ii) does not include information distributed, reported, or otherwise
2 communicated in a way that does not reveal any underlying data from a
3 competitor, such as narrative industry reports, news reports, business
4 commentaries, or generalized industry survey results.

5 (d) "Nonpublic data" shall mean information that is not widely avail-
6 able or easily accessible to the public, including information about
7 actual rent prices, occupancy rates, lease start and end dates, and
8 similar data, regardless of whether such data is attributable to a
9 specific competitor or anonymized.

10 2. (a) In setting the amount of rent to be charged to a tenant for the
11 occupancy of a residential premises, including determining any change in
12 the amount of rent to be charged for the renewed occupancy of a residen-
13 tial premises, a landlord shall not employ, use, or rely upon, or cause
14 another person to employ, use, or rely upon, an algorithmic pricing that
15 uses, incorporates, or was trained with nonpublic competitor data.

16 (b) A coordinator shall not facilitate an agreement among landlords to
17 not compete regarding the renting of residential premises.

18 3. (a) A landlord shall not share a tenant's personal data with any
19 third party without such tenant's written consent.

20 (b) A landlord shall disclose to each tenant:

21 (i) the categories of personal data processed by the landlord and by
22 any processor who processes personal data on behalf of such landlord;

23 (ii) the sources from which personal data is collected;

24 (iii) the purposes for processing personal data;

25 (iv) the landlord's retention period for each category of personal
26 data that such landlord processes or which is processed on such land-
27 lord's behalf, or if that is not possible, the criteria used to deter-
28 mine such retention period; and

29 (v) the identity of each third party to whom the landlord disclosed,
30 shared, transferred, or sold personal data, and for each identified
31 third party:

32 (A) the categories of personal data being shared, disclosed, trans-
33 ferred, or sold to the third party;

34 (B) the purposes for which personal data is being shared, disclosed,
35 transferred, or sold to the third party;

36 (C) the third party's retention period for each category of personal
37 data processed by such third party or processed on such third party's
38 behalf, or if that is not possible, the criteria used to determine such
39 retention period; and

40 (D) whether the third party uses the personal data for targeted adver-
41 tising.

42 4. In addition to any action brought by the attorney general under
43 this article, a tenant injured by a violation of this section may bring
44 an action to recover damages. A court may also award attorneys' fees to
45 a prevailing plaintiff tenant.

46 § 3. The banking law is amended by adding a new section 103-a to read
47 as follows:

48 § 103-a. Use of automated decision tools to make lending decisions. 1.
49 For the purposes of this section, the following terms shall have the
50 following meanings:

51 (a) "Automated decision tool" means any computational process, derived
52 from machine learning, statistical modeling, data analytics, or artifi-
53 cial intelligence, that issues simplified output, including a score,
54 classification, or recommendation, that is used to substantially assist
55 or replace discretionary decision making for making lending decisions
56 that impact natural persons. "Automated decision tool" does not include

1 a tool that does not automate, support, substantially assist, or replace
2 discretionary decision-making processes and that does not materially
3 impact natural persons, including, but not limited to, a junk email
4 filter, firewall, antivirus software, calculator, spreadsheet, database,
5 data set, or other compilation of data.

6 (b) "Disparate impact analysis" means an impartial evaluation
7 conducted by an independent auditor. Such disparate impact analysis
8 shall include, but not be limited to, testing of the extent to which use
9 of an automated decision tool is likely to result in an adverse impact
10 to the detriment of any group on the basis of sex, race, ethnicity, or
11 other protected class under this article. A disparate impact analysis
12 shall differentiate between applicants who were approved and applicants
13 who were not approved by the tool.

14 (c) "Lending decision" means to screen applicants for a loan.

15 2. No less than annually, each bank that uses automated decision tools
16 to make lending decisions shall:

17 (a) conduct a disparate impact analysis to assess the actual impact of
18 any automated decision tool used by any bank to make lending decisions
19 within the state; and

20 (b) submit a summary of the most recent disparate impact analysis of
21 such tool as well as the distribution date of the tool to which the
22 analysis applies to the attorney general's office.

23 3. (a) Any bank that uses an automated decision tool to screen appli-
24 cants for a loan shall notify each such applicant of the following:

25 (i) that an automated decision tool will be used in connection with
26 the assessment or evaluation of such applicant;

27 (ii) the characteristics that such automated decision tool will use in
28 the assessment of such applicant;

29 (iii) information about the type of data collected for such automated
30 decision tool, the source of such data, and the bank's data retention
31 policy; and

32 (iv) if an application for a loan is denied through use of the auto-
33 mated decision tool, the reason for such denial.

34 (b) The notice required by paragraph (a) of this subdivision shall be
35 made no less than twenty-four hours before the use of such automated
36 decision tool and shall allow such applicant to opt out of or consent to
37 such use and/or retention of such applicant's personal information by
38 the bank.

39 (c) If an application for a loan is denied based on personal informa-
40 tion that is incorrect, the applicant, upon receipt of the notice
41 required by subparagraph (iv) of paragraph (a) of this subdivision,
42 shall have thirty days to correct such information and appeal such
43 denial.

44 4. The attorney general may initiate an investigation if a preponder-
45 ance of the evidence, including the summary of the most recent disparate
46 impact analysis required pursuant to paragraph (b) of subdivision two of
47 this section, establishes a suspicion of a violation. The attorney
48 general may also initiate in any court of competent jurisdiction any
49 action or proceeding that may be appropriate or necessary for correction
50 of any violation issued pursuant to this section, including mandating
51 compliance with the provisions of this section or such other relief as
52 may be appropriate.

53 § 4. 1. The division of housing and community renewal, in conjunction
54 with the department of financial services and the division of human
55 rights shall conduct a study on the impact of artificial intelligence
56 and machine learning on housing discrimination and how such artificial

1 intelligence and machine learning may further redlining. Such study
2 shall be completed within one year of the effective date of this act.

3 2. The division of housing and community renewal shall submit a report
4 to the governor and the legislature on its findings and recommendations
5 for legislative action no later than ninety days after the completion of
6 the study.

7 § 5. This act shall take effect immediately; provided, however, that
8 the provisions of section four of this act shall expire and be deemed
9 repealed after transmission of the report of the findings and recommen-
10 dations of the study to the governor and the legislature, as provided in
11 subdivision 2 of section four of this act. Provided, further, that the
12 commissioner of the division of housing and community renewal shall
13 notify the legislative bill drafting commission upon the transmission of
14 the report of the findings and recommendations of the study, as provided
15 in subdivision 2 of section four of this act, in order that the commis-
16 sion may maintain an accurate and timely effective data base of the
17 official text of the laws of the state of New York in furtherance of
18 effectuating the provisions of section 44 of the legislative law and
19 section 70-b of the public officers law.