STATE OF NEW YORK

6061

2025-2026 Regular Sessions

IN ASSEMBLY

February 26, 2025

Introduced by M. of A. HUNTER, JACKSON, GLICK, SIMON -- 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.

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

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

4. "Family limited liability company" means a limited liability company meeting the following standards:

(a) it has no more than five members;

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

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

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

5."Family trust" means:

(a) a trust in which:

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

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

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

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

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

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

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

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

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

§ 362. Single-family private dwelling rental restricted. 1. No corporate entity, real estate developer, or residential building contractor shall:

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

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

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

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

(b) the petitioning entity would not have an impact upon the availability of affordable housing.

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

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

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

§ 2. This act shall take effect on the one hundred eightieth day after it shall have become a law. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.