

# STATE OF NEW YORK

107

2025-2026 Regular Sessions

## IN SENATE

(Prefiled)

January 8, 2025

Introduced by Sens. KRUEGER, BAILEY, HOYLMAN-SIGAL, JACKSON, LIU, SERRANO, STAVISKY -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development

AN ACT to amend the private housing finance law, in relation to right of first refusal

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 2-A to read as follows:

### ARTICLE II-A

#### RIGHT OF FIRST REFUSAL

##### Section 38. Definitions.

38-a. Notification of impending conversion.

38-b. Notification of bona fide offer to purchase.

38-c. Appraisal determination.

38-d. Right of first refusal.

38-e. First opportunity to purchase.

38-f. Prior notification.

38-g. Long term affordability.

38-h. Right of transfer.

38-i. Conversion of property.

38-j. Penalty.

38-k. Exclusions.

38-l. Judicial review.

§ 38. Definitions. For the purposes of this article, the following definitions shall apply:

1. "Affordable" shall mean that rental expenses for dwelling units do not exceed thirty percent of the annual gross household income of the existing tenants, and/or where rental expenses do not exceed the rent

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

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1 levels allowable pursuant to the rent restrictions applicable to such  
2 dwelling units prior to conversion, provided however that dwelling units  
3 which become vacant in assisted rental housing should not be rented to  
4 households whose income exceeds eighty percent of the New York metropol-  
5 itan area median income as determined by the United States department of  
6 housing and urban development.

7 2. "Appraised value" shall mean the value as determined by a majority  
8 vote of an advisory panel of three appraisers who shall perform such  
9 appraisal in accordance with the American Arbitration Association's  
10 rules for the real estate industry.

11 3. "Assisted rental housing" shall mean a privately-owned multiple  
12 dwelling or group of multiple dwelling units managed together under the  
13 same ownership in which the majority of dwelling units therein are  
14 subject to federal, state or city income eligibility restrictions and in  
15 which rents for such dwelling units are controlled, regulated or  
16 assisted by a federal, state or city agency pursuant to a regulatory  
17 agreement or rental assistance agreement designed to make such dwelling  
18 units affordable on a project-based basis. Assisted rental housing  
19 programs shall include:

20 (a) any program created, administered, or supervised by a municipality  
21 or state under article two or article four of this chapter.

22 (b) any program providing project-based assistance under section eight  
23 of the United States housing act of 1937, as it may be amended from time  
24 to time; and

25 (c) housing programs governed by section 202, 207, 221, 232, 236, or  
26 811 of the national housing act, (12 U.S.C. 1701 et seq.), as they may  
27 be amended from time to time.

28 4. "Bona fide purchaser" shall mean a person or entity that has  
29 tendered a bona fide offer to purchase the assisted rental housing.

30 5. "Bona fide offer to purchase" shall mean a good faith and without  
31 fraud offer, made in writing and approved by the division that is  
32 tendered by a bona fide purchaser no later than one hundred twenty days  
33 after an appraisal performed pursuant to section thirty-eight-c of this  
34 article, and that is non-binding on the owner with intent to convert.

35 6. "Conversion" or "convert" shall mean the transfer of title, leas-  
36 ing, intention to sell or lease, mortgage pre-payment, withdrawal from  
37 an assisted housing program, decision not to extend or renew partic-  
38 ipation in the program or any other action taken by the owner that would  
39 result in the termination of participation by the owner in the assisted  
40 rental housing program.

41 7. "Household" shall mean all lawful occupants of any dwelling unit.

42 8. "Household income" shall mean, for any household, the sum of the  
43 amount reported separately in the most recent individual or joint tax  
44 return for wage or salary income, net self-employed income, interest,  
45 dividends, rent received, royalties, social security or railroad retire-  
46 ment benefits or disability benefits and all other income for each  
47 member of the household reported on a tax return.

48 9. "Division" shall mean the division of housing and community renewal  
49 or successor agency.

50 10. "Financial assistance" shall mean any benefits received as a  
51 result of an assisted rental housing program that act to maintain  
52 affordable rents in the assisted rental housing.

53 11. "First opportunity to purchase" shall mean the opportunity by a  
54 tenant association, or if applicable, a qualified entity, to purchase in  
55 good faith and without fraud the assisted rental housing at or below its

1 appraised value before such assisted rental housing becomes subject to  
2 conversion.

3 12. "Notice" shall mean a written communication addressed to a tenant  
4 association, or if no tenant association exists, to each tenant, or if  
5 applicable, to a qualified entity, by means of first class and regis-  
6 tered mail, or personal delivery upon a tenant association, or if no  
7 tenant association exists, upon each tenant, or if applicable, a quali-  
8 fied entity. Each such notice shall be deemed to have been given upon  
9 the deposit of such first class and registered mail in the custody of  
10 the United States postal service or upon receipt of personal delivery,  
11 and by posting of such notice in the common areas of the assisted rental  
12 housing.

13 13. "Owner" shall mean any person or entity, or combination of such  
14 persons or entities, or any agent of such persons or entities, that has  
15 a controlling interest in assisted rental housing that is subject to  
16 conversion.

17 14. "Qualified entity" shall mean any individual, partnership, limited  
18 liability partnership, limited liability corporation, not-for-profit  
19 corporation or business corporation, or other entity authorized to do  
20 business in New York state and experienced in the management of affor-  
21 dable housing, designated by the tenants residing in at least sixty  
22 percent of the occupied dwelling units within the same assisted rental  
23 housing to act on its behalf pursuant to section thirty-eight-h of this  
24 article and approved in writing by the division and which obligates  
25 itself and any successors in interest to assume the ongoing responsibil-  
26 ity of continuing maintenance and operation of the assisted rental hous-  
27 ing as affordable for the duration of the housing's useful life and in  
28 accordance with the purposes of this article.

29 15. "Right of first refusal" shall mean the right of a tenant associ-  
30 ation, or if applicable, a qualified entity, to submit a good faith and  
31 without fraud offer, in writing to the owner to purchase the higher of  
32 the assisted rental housing's appraised value or the identical price,  
33 terms and conditions offered by a bona fide purchaser as approved by the  
34 division.

35 16. "Tenant" shall mean a lawful occupant who resides within a dwell-  
36 ing unit within such assisted rental housing pursuant to law or a lease  
37 recognized by either the owner of such assisted rental housing, the  
38 division or a court of competent jurisdiction.

39 17. "Tenant association" shall mean an association, whether incorpo-  
40 rated or not, for which written consent to forming a tenant association  
41 has been given by tenants representing at least sixty percent of the  
42 occupied dwelling units within the same assisted rental housing, and  
43 which association notifies or has notified the owner of the assisted  
44 rental housing and the division of its existence or establishment and  
45 has provided to such owner and the division the names and addresses of  
46 at least two of the officers or representatives of such association.  
47 Where more than one group of tenants in the same assisted rental housing  
48 claims to be the tenant association for such assisted rental housing,  
49 the division shall determine which group, if any, is the tenant associ-  
50 ation for the purposes of this article in the same manner as the divi-  
51 sion certifies a tenant association for the purposes of article two of  
52 this chapter.

53 § 38-a. Notification of impending conversion. 1. Notice shall be  
54 provided by the owner to the tenant association, or if no tenant associ-  
55 ation exists, to each tenant, and to the division of the intention of

1 the owner to take any action that will result in the conversion of the  
2 assisted rental housing.

3 2. Such notice shall be provided no less than twelve months prior to  
4 the taking of such action by the owner. Such notice shall include the  
5 following information:

6 (a) the name and address of each owner of the assisted rental housing.  
7 For any owner that is a corporation, the notice shall contain the names  
8 and addresses of the officers and directors of the corporation and of  
9 any person directly or indirectly holding more than ten percent of any  
10 class of the outstanding stock of the corporation. For any owner that is  
11 a partnership or joint venture, the notice shall contain the name and  
12 address of each individual who is a principal or exercises control of  
13 such entities;

14 (b) the address and/or addresses and the name and/or names of the  
15 assisted rental housing and the type of program or programs to which the  
16 assisted rental housing is subject;

17 (c) the nature of the action that the owner intends to take that will  
18 result in a conversion;

19 (d) the date on which such action resulting in the conversion is  
20 anticipated to take place;

21 (e) the provision of law, rule or regulation pursuant to which such  
22 action is authorized;

23 (f) the total number and type of dwelling units subject to a conver-  
24 sion;

25 (g) the current rent schedule for the dwelling units along with an  
26 estimation of the rent increases anticipated upon conversion;

27 (h) the income and expense report for the twelve-month period prior to  
28 the notice including capital improvements, real property taxes and other  
29 municipal charges;

30 (i) the amount of the outstanding mortgage as of the date of the  
31 notice;

32 (j) the two most recent inspection reports from the real estate  
33 assessment center of the United States department of housing and urban  
34 development, for the assisted rental housing or group of multiple dwell-  
35 ing units operated together under the same ownership for which such  
36 inspection reports are required, or, the reports of the two most recent  
37 comprehensive building-wide inspection reports that may have been  
38 conducted by the division;

39 (k) a statement of notice in a manner approved by the division which  
40 advises a tenant association, or if no tenant association exists,  
41 advises each tenant, of the first opportunity to purchase as required by  
42 section thirty-eight-e of this article, or of the right of first  
43 refusal, as required by section thirty-eight-d of this article; and

44 (l) such other information the division may require.

45 3. During the twelve-month notification period provided for in subdi-  
46 vision two of this section the owner may not sell or contract to sell  
47 the assisted rental housing, but may engage in such discussions with  
48 other interested parties.

49 4. Notice shall not be required of an owner who intends to maintain  
50 the property as assisted rental housing or intends to transfer, lease or  
51 refinance a mortgage in order to maintain the property as assisted  
52 rental housing.

53 5. Where an owner decides not to convert the assisted rental housing  
54 program, such owner may withdraw the notice of intention to convert the  
55 assisted rental housing program, subject to the terms of any accepted  
56 offer to purchase or executed purchase and sale agreement, and to exist-

1 ing statutory and common law remedies. In such event, the owner shall  
2 give notice to the tenant association, or if no tenant association  
3 exists, to each tenant, or if applicable, to a qualified entity, and to  
4 the division. However, should the owner at any time decide to take an  
5 action that will result in conversion, the twelve-month notice period of  
6 this section as well as all other applicable requirements of this arti-  
7 cle shall be complied with.

8 6. Notwithstanding any other provisions of this section, if any appli-  
9 able supervening statute or program has a notice requirement substan-  
10 tially similar to any notice requirement of this section, then the  
11 notice requirement under this section shall be that of the supervening  
12 statute or program.

13 7. Notwithstanding any other provisions of this section, if the  
14 notices required by this section require more information than is  
15 required by any applicable supervening city, state or federal statute or  
16 program, then such additional information shall be provided within the  
17 time period established by the supervening statute or program.

18 § 38-b. Notification of bona fide offer to purchase. 1. If the owner  
19 receives a bona fide offer to purchase and intends to consider, or  
20 respond to such bona fide offer to purchase, then notice shall be  
21 provided by the owner to a tenant association, or if no tenant associ-  
22 ation exists, to each tenant, or if applicable, a qualified entity, and  
23 the division, no more than fifteen days from the date that such bona  
24 fide offer to purchase is delivered to the owner. Such notice shall  
25 contain the following information:

26 (a) the name and address of the proposed bona fide purchaser; and

27 (b) the price and terms and conditions of the offer.

28 2. The owner shall not be required to provide notice in accordance  
29 with subdivision one of this section if the bona fide purchaser making  
30 the offer agrees to maintain the assisted rental housing as affordable.  
31 The bona fide purchaser shall be required to inform the division as to  
32 how such bona fide purchaser intends to keep the assisted rental housing  
33 as affordable.

34 § 38-c. Appraisal determination. 1. The division shall convene an  
35 advisory panel, which advisory panel shall determine the appraised value  
36 of the assisted rental housing within thirty days of a tenant associ-  
37 ation's, or if applicable, a qualified entity's notice to the owner and  
38 the division pursuant to subdivision one of section thirty-eight-d or  
39 subdivision one of section thirty-eight-e of this article.

40 2. The advisory panel shall consist of one appraiser selected by the  
41 owner, one appraiser selected by the tenant association, or if applica-  
42 ble, a qualified entity, and one appraiser to be selected either by  
43 mutual agreement between the owner and the tenant association or if  
44 applicable, a qualified entity, or by mutual agreement between the  
45 appraiser that was selected by the owner and the appraiser selected by  
46 the tenant association, or if applicable, a qualified entity, if such  
47 condition is deemed acceptable to the owner and the tenants association,  
48 or if applicable, a qualified entity, and is agreed upon in writing,  
49 except that in the case of where there is no agreement between the owner  
50 and the tenant association, or if applicable, a qualified entity, or  
51 between the appraiser that was selected by the owner and the appraiser  
52 selected by the tenant association, or if applicable, a qualified enti-  
53 ty, then the appraiser will be selected by the division. The cost for  
54 the appraiser shall be borne by the party responsible for providing  
55 such appraiser. However, where the division must select the third

1 appraiser, the cost for such appraiser shall be equally borne by the  
2 owner and the tenant association, or if applicable, a qualified entity.

3 3. Notice shall be provided by the division to the owner and the  
4 tenant association, or if applicable, a qualified entity, fifteen days  
5 before the intended date that such advisory panel is to initiate the  
6 performance of the appraisal. In the instance when either the owner  
7 fails to provide an appraiser within fifteen days of such notice or when  
8 the tenant association, or if applicable, a qualified entity, fails to  
9 provide an appraiser within fifteen days of such notice then the divi-  
10 sion shall select the appraiser on behalf of the party or parties that  
11 failed to select an appraiser. In such circumstance, the cost for the  
12 appraiser selected by the division shall be borne by the party responsi-  
13 ble for providing that appraiser.

14 4. The division shall promulgate rules for the timely determination of  
15 the appraised value and that such rules are to be consistent with the  
16 notice requirements mandated under this chapter. The division shall make  
17 such appraised value publicly available within fifteen days from the  
18 date of such advisory panel's determination.

19 5. In the instance where the owner and the tenant association, or if  
20 applicable, a qualified entity, have mutually agreed upon an appraised  
21 value for the assisted rental housing prior to the convening of the  
22 advisory panel, the owner and the tenant association, or if applicable,  
23 a qualified entity, may in writing apply to the division for a waiver  
24 from subdivisions one through four of this section. The division shall  
25 make a determination upon such application for a waiver within fifteen  
26 days from receipt of such application.

27 § 38-d. Right of first refusal. 1. A tenant association, or if appli-  
28 cable, a qualified entity, shall notify the owner and the division in  
29 writing of its intent to exercise its right of first refusal within  
30 sixty days from receipt of notice from the owner pursuant to subdivision  
31 one of section thirty-eight-a of this article.

32 2. The tenant association, or if applicable, a qualified entity,  
33 following notice by the owner in compliance with subdivision one of  
34 section thirty-eight-a of this article, shall have one hundred twenty  
35 days from the date of the notice of the determination of the appraised  
36 value to submit its offer to purchase.

37 3. The tenant association, or if applicable a qualified entity,  
38 following notice by the owner in compliance with subdivision one of  
39 section thirty-eight-b of this article, shall have one hundred twenty  
40 days from the date of a bona fide offer to purchase to submit its offer  
41 to purchase.

42 4. If through no fault of a tenant association, or if applicable, a  
43 qualified entity, or the owner, the time periods provided for in subdi-  
44 vision two or three of this section need to be extended, then such time  
45 periods may be extended by the division. Should such time periods be  
46 extended past the notice period provided for in subdivision one of  
47 section thirty-eight-a of this article, then the provisions of the  
48 applicable assisted rental housing program shall remain in full force  
49 and effect to the extent permitted by law.

50 5. Unless the owner and a tenant association, or if applicable, a  
51 qualified entity, otherwise agree to purchase the assisted rental hous-  
52 ing below its appraised value, the owner shall sell such assisted rental  
53 housing at the appraised value or at the price contained in a bona fide  
54 offer to purchase price as approved by the division.

55 6. The division shall promulgate rules for the timely completion of  
56 all lending program applications, credit reviews and loan closings.

1 7. If a tenant association, or if applicable, a qualified entity, does  
2 not submit its offer in writing to the owner and the division within the  
3 time periods stated in subdivision two or three of this section follow-  
4 ing notice by the owner in compliance with subdivision one of section  
5 thirty-eight-a of this article, then such right will be deemed waived  
6 and the owner shall have no further obligations under this section.  
7 However, where a tenant association, or if applicable, a qualified enti-  
8 ty, has previously submitted a notice in accordance with subdivision one  
9 of this section decides not to exercise such right, it may withdraw such  
10 notice by giving written notice to that effect to the owner and to the  
11 division.

12 § 38-e. First opportunity to purchase. 1. A tenant association, or if  
13 applicable, a qualified entity, shall notify the owner and the division  
14 in writing of its intent to exercise its right of first opportunity to  
15 purchase within sixty days from receipt of notice from the owner pursu-  
16 ant to subdivision one of section thirty-eight-a of this article.

17 2. The tenant association, or if applicable, a qualified entity,  
18 following notice by the owner in compliance with subdivision one of  
19 section thirty-eight-a of this article, shall have one hundred twenty  
20 days from the date of the notice of the determination of the appraised  
21 value to submit its offer to purchase.

22 3. If through no fault of a tenant association, or if applicable, a  
23 qualified entity, or the owner, the time period provided for in subdivi-  
24 sion two of this section needs to be extended, then such time period may  
25 be extended by the division. Should such time period be extended past  
26 the notice period provided for in subdivision one of section thirty-  
27 eight-a of this article, then the provisions of the applicable assisted  
28 rental housing program shall remain in full force and effect to the  
29 extent permitted by law.

30 4. Except where the owner and a tenant association, or if applicable,  
31 a qualified entity, agree to a purchase price of the assisted rental  
32 housing at an amount below the appraised value, any offer made pursuant  
33 to this section shall be accepted by the owner.

34 5. If a tenant association, or if applicable, a qualified entity, does  
35 not submit its offer in writing to the owner and the division within the  
36 time periods stated in subdivision two of this section following notice  
37 by the owner in compliance with subdivision one of section  
38 thirty-eight-a of this article, then such right will be deemed waived  
39 and the owner shall have no further obligations under this section.  
40 However, where a tenant association, or if applicable, a qualified enti-  
41 ty, has previously submitted a notice in accordance with subdivision one  
42 of this section decides not to exercise such right, it may withdraw such  
43 notice by giving written notice to that effect to the owner and to the  
44 division.

45 § 38-f. Prior notification. Notwithstanding any other provision of  
46 this article, where an owner has given notice prior to the effective  
47 date of this article and the intent of such notice is to initiate a  
48 procedure to withdraw the assisted rental housing from a program set  
49 forth in subdivision three of section thirty-eight of this article, and  
50 such notice was properly given in accordance with any other applicable  
51 provision of law and more than forty-five days remain prior to the expi-  
52 ration of the time period applicable to such notice, a tenant associ-  
53 ation, or if applicable, a qualified entity, may complete any action  
54 authorized by sections thirty-eight-c, thirty-eight-d and thirty-eight-e  
55 of this article at any time prior to the expiration of such time period.

1 § 38-g. Long term affordability. A tenant association, or if applica-  
2 ble, a qualified entity, including all successors in interest, which  
3 chooses to exercise the rights provided for in section thirty-eight-d or  
4 section thirty-eight-e of this article will be obligated to maintain the  
5 assisted rental housing as affordable.

6 § 38-h. Right of transfer. 1. During the notice period provided for in  
7 section thirty-eight-a of this article, the tenants, by written consent  
8 of the tenants residing in at least sixty percent of the occupied dwell-  
9 ing units within the same assisted rental housing, may transfer the  
10 rights established by section thirty-eight-d and section thirty-eight-e  
11 of this article to a qualified entity.

12 2. Notice of such transfer shall be provided to the owner and the  
13 division in writing within sixty days from receipt of notice from the  
14 owner pursuant to section thirty-eight-a of this article.

15 § 38-i. Conversion of property. Notwithstanding the provisions of  
16 section thirty-eight-d and section thirty-eight-e of this article, when  
17 a conversion occurs, an owner or bona fide purchaser shall allow the  
18 current tenant or tenants to remain in their respective dwelling units  
19 for the longer of six months from the effective date of the conversion  
20 or until the tenant's lease expires, and at the same terms and condi-  
21 tions as before such conversion. Such owner or purchaser may, with the  
22 agreement of the tenant or tenants, relocate such tenant or tenants to  
23 comparable units with comparable rents in accordance with procedures to  
24 be established by the rules of the division. Nothing in this section  
25 shall be deemed to limit, restrict or modify the rights of a current  
26 tenant or tenants pursuant to the emergency tenant protection act of  
27 nineteen seventy-four, the emergency housing rent control law, the city  
28 rent and rehabilitation law or the rent stabilization law of nineteen  
29 hundred sixty-nine.

30 § 38-j. Penalty. An owner found to have violated any provision of this  
31 article shall, in addition to any other monetary and/or equitable  
32 damages for which the owner may be liable, be liable for a civil penalty  
33 of five thousand dollars per month per dwelling unit in the assisted  
34 rental housing, and shall also pay to a tenant association, or if no  
35 tenant association exists, each tenant, or if applicable, a qualified  
36 entity, fees and costs incurred in bringing an enforcement proceeding.  
37 The total civil penalties may not exceed one hundred thousand dollars  
38 per dwelling unit. Nothing in this section shall be interpreted as  
39 prohibiting the tenant association, or if no tenant association exists,  
40 the tenants, or if applicable, a qualified entity, from seeking injunc-  
41 tive relief against a non-compliant owner. Such proceeding shall be  
42 brought in a court of competent jurisdiction.

43 § 38-k. Exclusions. 1. Nothing in this article shall affect any exist-  
44 ing agreement between a tenant association and an owner regarding the  
45 management and operation of the assisted rental housing or the transfer  
46 of the assisted rental housing to a tenant association or similar organ-  
47 ization in effect on the effective date of this article, except that any  
48 renewal, modification or amendment of such agreement occurring on or  
49 after the effective date of this article shall be subject to the  
50 provisions of this article.

51 2. Nothing in this article shall affect any existing agreement between  
52 an owner and one or more governmental entities relating to the manage-  
53 ment and operation of a multiple dwelling that is not otherwise subject  
54 to this chapter or to federal law.

1 3. Nothing in this article shall affect an owner or purchaser who  
2 wants to refinance in order to maintain participation in an assisted  
3 rental housing program.

4 4. The provisions of this article shall not apply to a purchase by a  
5 governmental entity implementing its powers of eminent domain; a judi-  
6 cially supervised sale or transfer of property; any bankruptcy  
7 proceedings; or operation of law.

8 5. The provisions of this article shall not apply where a notice as  
9 described in section thirty-eight-f of this article was properly given  
10 in accordance with any other applicable provision of law and forty-five  
11 or fewer days remain prior to the expiration of such applicable notice  
12 period.

13 6. The provisions of this article shall prevail, notwithstanding any  
14 contrary provisions of this chapter, the eminent domain procedure law,  
15 or any other law.

16 § 38-1. Judicial review. Any person aggrieved by an appraisal determi-  
17 nation made pursuant to section thirty-eight-c of this article, or by  
18 the failure of the division to approve a bona fide offer to purchase,  
19 may, within thirty days of the appraisal determination or action by the  
20 division, seek judicial review pursuant to article seventy-eight of the  
21 civil practice law and rules in the supreme court for the county in  
22 which the assisted rental housing is located. In the event that a court  
23 may find that the appraisal or action by the division constitutes the  
24 equivalent of a taking without just compensation, the court shall  
25 require that a new appraisal or determination be made. The time periods  
26 set forth in this article shall be tolled during the pendency of such a  
27 proceeding and until a new appraisal or determination, if needed, is  
28 made.

29 § 2. This act shall take effect on the thirtieth day after it shall  
30 have become a law.