

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.

LBD04946-01-5

1 to make rental homeownership units affordable to households and stipu-
2 lates a preemptive option to purchase the affordable rentals or homeown-
3 ership units so that the affordability or the units is preserved for
4 successive income-eligible households; and (B) monitors properties to
5 ensure affordability is preserved.

6 (ii) "Disqualified single family property owner" means any taxpayer
7 who owns (directly or indirectly) more than one single family residen-
8 tial rental property.

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

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

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

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

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

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

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

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

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

9 (ii) "Disqualified single family property owner" means any taxpayer
10 who owns (directly or indirectly) more than one single family residen-
11 tial rental property.

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

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

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

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

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

44 § 4. This act shall take effect immediately.