STATE OF NEW YORK

489--A

2025-2026 Regular Sessions

IN ASSEMBLY

(Prefiled)

January 8, 2025

Introduced by M. of A. WOERNER, ZINERMAN, GIGLIO, BUTTENSCHON -- read once and referred to the Committee on Housing -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the private housing finance law, in relation to establishing the small rental housing development initiative

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

Section 1. The private housing finance law is amended by adding a new article 33 to read as follows:

ARTICLE XXXIII

SMALL RENTAL HOUSING DEVELOPMENT INITIATIVE

Section 1300. Legislative findings and statement of policy.

1301. Definitions.

1302. Small rental housing development initiative.

§ 1300. Legislative findings and statement of policy. The legislature hereby finds and declares that there exists in many rural areas of the state a substantial need for affordable rental housing of a size that is suitable to small communities with limited infrastructure. The findings set forth in article seventeen of this chapter, with respect to the special needs and problems of such areas and the significant potential role of locally based not-for-profit organizations in helping to meet such needs, are hereby reaffirmed. The legislature hereby determines that, in addition to the program of state support to help meet the administrative expenses of such organizations under article seventeen of this chapter, a further public need exists for state funding for the development of affordable rental housing of between two and twenty units. It is the purpose of this article to encourage the acquisition, rehabilitation, and construction of affordable rental housing including

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

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in the rural areas of the state by establishing a dedicated program of such funding.

§ 1301. Definitions. For the purposes of this article, the following terms shall have the following meanings:

1. "Corporation" shall mean the housing trust fund corporation established in section forty-five-a of this chapter.

2. "Small rental housing developments" shall mean affordable rental apartment buildings of between two and twenty units for low to moderate income households.

3. "Rural area" shall mean cities, towns and villages having a population of less than thirty thousand as determined by the last federal decennial census.

4. "Eligible applicant" shall mean a housing or community development not-for-profit organization eligible to do business in New York state.

5. "Low to moderate-income household" shall mean a household with up to one hundred twenty percent of area median income.

6. "Period of affordability" shall mean the required length of time a project must meet affordability requirements pursuant to this article and to be specified in the project note and mortgage.

§ 1302. Small rental housing development initiative. 1. Applicants acquiring, rehabilitating, or constructing small rental housing developments shall be eligible for state funding in the form of deferred payment, at zero percent interest loans, due on sale. Such zero interest loans may be subject to forgiveness in accordance with the provisions of subdivision two of this section.

(a) The eligible applicant shall have a payback period for such loan of twenty years.

(b) The maximum per-unit subsidy shall be determined by the commissioner.

(c) Funds shall be used for the acquisition, rehabilitation, and construction of residential units and may be used for all rehabilitation and construction costs necessary for the building, including the construction of common areas used for the benefit of residents.

(d) Funds may be used to cover a part of or all costs required to acquire, construct, or rehabilitate a small rental housing development.

2. (a) Zero interest loans issued in accordance with subdivision one of this section shall be deferred for the period of affordability. If the eligible applicant, who is the recipient of a zero interest loan, remains in compliance with all program requirements for the entirety of the period of affordability, the zero interest loan may be forgiven and the mortgage lien placed against the property may be satisfied.

(b) If the property of an eligible applicant is sold during the period of affordability, the sum of any outstanding mortgage must be re-paid. The mortgage lien may be assumed by a new purchaser only if approved by the corporation, subject to any conditions or requirements set by the corporation.

(c) The regulatory agreement of the small rental housing initiative shall run with the property throughout the entirety of the period of affordability, regardless of any change in ownership.

(d) Awards made under this program shall be pursuant to a regulatory agreement, including rent setting and any and all rent increases during the affordability period.

(e) The developer shall be eligible for a developer's fee of up to fifteen percent of small rental development initiative funds pursuant to any requirements established by the corporation relating to such fees.

(f) At least sixty percent of the total funds awarded pursuant to this article in any fiscal year shall be allocated to projects located in rural areas of the state.

3. Applicants with proposals not selected for funding may request a review and debrief from the corporation of the reasons why the proposal was not selected for funding.

4. The corporation shall develop additional procedures and requirements related to the application and award of funding for projects pursuant to this article as deemed necessary or appropriate to implement the purposes and provisions of this article.

§ 2. This act shall take effect immediately.