

STATE OF NEW YORK

421--A

2025-2026 Regular Sessions

IN SENATE

(Prefiled)

January 8, 2025

Introduced by Sen. LIU -- read twice and ordered printed, and when printed to be committed to the Committee on Judiciary -- recommitted to the Committee on Judiciary in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the real property law, in relation to requiring landlords to mitigate damages when commercial tenants vacate premises in violation of the terms of the lease

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

1 Section 1. Section 227-e of the real property law, as added by section
2 4 of part M of chapter 36 of the laws of 2019, is amended to read as
3 follows:
4 § 227-e. Landlord duty to mitigate damages. 1. In any lease or rental
5 agreement, excluding any real estate purchase contract defined in para-
6 graphs (a), (c) and (d) of subdivision four of section four hundred
7 sixty-one of this chapter, covering premises occupied for dwelling
8 purposes, if a tenant vacates a premises in violation of the terms of
9 the lease, the landlord shall, in good faith and according to the land-
10 lord's resources and abilities, take reasonable and customary actions to
11 rent the premises at fair market value or at the rate agreed to during
12 the term of the tenancy, whichever is lower. If the landlord rents the
13 premises at fair market value or at the rate agreed to during the term
14 of the tenancy, the new tenant's lease shall, once in effect, terminate
15 the previous tenant's lease and mitigate damages otherwise recoverable
16 against the previous tenant because of such tenant's vacating the prem-
17 ises. The burden of proof shall be on the party seeking to recover
18 damages. Any provision in a lease that exempts a landlord's duty to
19 mitigate damages under this section shall be void as contrary to public
20 policy.

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

LBD01676-03-6

2. In any lease or rental agreement, excluding any real estate purchase contract defined in paragraphs (a), (c) and (d) of subdivision four of section four hundred sixty-one of this chapter, covering premises not occupied for dwelling purposes, if a tenant vacates a premises in violation of the terms of the lease, the landlord shall, in good faith and according to the landlord's resources and abilities, take reasonable and customary actions to rent the premises at fair market value or at the rate agreed to during the term of the tenancy, the new tenant's lease shall, once in effect, terminate the previous tenant's lease and mitigate damages otherwise recoverable against the previous tenant because of such tenant's vacating the premises. Nothing in this section will preclude the landlord from seeking recovery of damages for that portion of the rent not recovered through any successful effort to release the property under the duty to mitigate in this section. The burden of proof shall be on the party seeking to recovery damages. Any provision in a lease that exempts a landlord's duty to mitigate damages under this section shall be void as contrary to public policy.

§ 2. This act shall take effect immediately.