



Memorandum in Support

Real Property Section

S. 8334
A. 9340

By: Senator Cleare
By: Assemblymember Epstein
Senate Committee: Housing
Assembly Committee: Housing

Effective Date: This act shall take effect on the 180th day after it shall become law.

AN ACT to amend the general business law, the real property law, and the state finance law, in relation to providing expanded homeownership opportunities from the conversion of certain residential rental buildings to condominium status by property owners that commit to preserve the inventory of expiring affordable housing in the city of New York

LAW & SECTION REFERRED TO: The legislation would add a new § 352-eeee and amend §§ 352-e and 352-eeee of the General Business Law; amend § 339-e and add § 339-mm to the Real Property Law and add a new § 80-b to the State Finance Law.

THE SECTION SUPPORTS THIS LEGISLATION

The New York State Bar Association’s Real Property Section (“Section”), hereby **SUPPORTS** the legislation.

S8334/A9340 aims to preserve the existing stock of affordable housing units throughout New York City that are currently at risk of loss due to expiring affordability agreements. S8334/A9340 is designed to preserve these units by allowing the existing owner to convert the market-rate units to condominium status in exchange for maintaining the existing affordable housing units in perpetuity. It does so by permitting a narrow class of mixed-income building owners to convert their already market-rate rental units to condominium units at the 15% threshold that existed prior to the enactment of the Housing Stability and Tenant Projection Act of 2019.

This legislation permits certain owners of residential rental buildings to convert their rental buildings to condominium ownership provided that those property owners also enter into new agreements which provide for the preservation and stewardship of the affordable housing units within their Buildings. It also provides expanded homeownership opportunities from the conversion of certain residential rental buildings to condominium status; commits to the stewardship and preservation of the inventory of affordable housing in the city of New York; and establishes the housing protection unit fund.

The Section **SUPPORTS** the legislation, as policy that will be beneficial for the City and State of New York. State and local authorities will oversee the recapturing, of many units of income-restricted rental housing without appropriating any taxpayer funds to a developer or owner. It has been suggested that the deal may be revenue accretive to the City and State, when one accounts for the new transfer taxes, mortgage recording taxes, and increased filing fees to be generated from the property owners that are eager to sell, and home buyers keen to purchase, market-rate rental apartments as condominium units.

Based on the foregoing, the Section **SUPPORTS** this legislation.