New York State Association of REALTORS®, Inc.

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MEMORANDUM IN OPPOSITION

A.331 by Assemblymember Didi Barrett
Status: Assembly Ways and Means Committee

S.572 by Senator Sean Ryan
Status: Senate Local Government Committee

Date: May 2025
Contact: Michael Kelly

The New York State Association of REALTORS®, Inc. **strongly opposes** the above referenced legislation that would allow cities or towns, except for New York City, to establish community housing funds supported by a new real estate transfer tax. This legislation would give localities authority to establish these taxes absent state review of any community's proposal, contrary to existing practice in New York. Currently, local real estate transfer taxes and mortgage recording taxes are subject to approval by the state legislature and reauthorized on a case-by-case basis.

New York is in the midst of a housing supply and affordability crisis. The state's housing inventory continues to remain stagnant, with listings for March 2025 just above the lowest figure ever recorded by NYSAR. Meanwhile, median home prices have increased for 20 consecutive months. NYSAR opposes A.331/S.572 on the grounds that it will make it even harder to buy a home.

This bill would increase the cost of purchasing a home in any municipality that adopts the 0.5% real estate transfer tax, by imposing the tax on the buyer. New York state continues to have some of the highest closest costs in the nation, ranking 3rd with average closing costs of $16,849 in 2024[1]. Furthermore, the bill provides no exemption for first-time homebuyers, a demographic the bill purports to help. Many first-time homebuyers have been priced out of the housing market in recent years due to low inventory, relatively high interest rates and rising home prices. For example, in 2023, first-time homebuyers accounted for 24% of home sales, compared with 32% during the prior year.[2]

New York State, with a median sales price of $425,000 in March 2025, and a qualifying income of $106,416 needed to afford a median priced home, would price thousands of buyers out of being able to purchase such a home with the imposition of a 0.5% transfer tax. Our economic analysis indicates that there are slightly more than 2.9 million buyers who can afford a $425,000 home in the state. Hypothetically, the imposition of the 0.5% tax statewide would reduce by 5%, or 15,640, the number of buyers who would be able to afford a median priced home.

[1] https://www.bankrate.com/real-estate/average-closing-costs-by-state/#cost-by-state
[2] https://www.newsbreak.com/home-stratosphere-314909776/3971817493621-recent-first-time-homebuying-trends-in-new-york-state

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Although the bill provides an option for localities to establish an exemption from this tax of up to the area median sales price, it is not required. NYSAR would respectfully suggest that an exemption of at least the median sales price should be a requirement of cities or towns.

NYSAR also has concerns with the provisions related to loans and grants for would-be recipients of community housing funds. One concern is that allowing a buyer to receive up to 50% of the sales price in loans or grants is excessive. We would suggest a lower cap on the maximum loan or grant (as a percentage of the sales price) to reduce the usage of these funds on buyers who may not be financially qualified to assume the risks of homeownership.

The bill is also not clear on what happens if a buyer receives a loan from the community housing fund and fails to make payments or defaults on the loan. Language should be included to address the possibility of the municipality imposing liens on the property or initiating foreclosure proceedings, as protection measures for municipalities and their taxpayers.

Another area where the bill lacks clarity regarding the distribution of grants or loans to a buyer pertains to the resale proceeds after a buyer who has received community housing funds sells the home. Would the buyer who receives a 50% grant from the fund be able to sell the property and recover the full value of the sale proceeds? The bill lacks any clawback provisions, which would increase the likelihood of the fund remaining solvent over time.

Additionally, while the legislation allows villages within towns with community housing funds to not participate in the fund, village residents would still be responsible for paying the transfer tax, if approved by the town's residents. So, new homebuyers in the village would pay the transfer tax without the benefits of having the community housing fund that town residents could access.

NYSAR does not oppose the idea of creating local community housing funds; we oppose the increase in taxation on the transfer of real property to be used as a dedicated revenue stream for these funds. Furthermore, NYSAR is supportive of providing financial assistance to first-time homebuyers, as this bill aims to do. However, the authorization to create a new transfer tax is problematic and will be passed on to the buyer via an increased sales price, making homebuying more difficult particularly for lower to middle-income New Yorkers that do not fall into the narrow parameters of this bill.

For the above stated reasons, the New York State Association of REALTORS®, Inc. **strongly urges disapproval of A.331(Barrett)/S.572(Ryan).**

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