New York State Association of REALTORS®, Inc.

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MEMORANDUM IN OPPOSITION

S.401 by Senator Zellnor Myrie
Status: Senate Housing Committee Agenda for May 28, 2025

Date: May 2025
Contact: Mike Kelly

The New York State Association of REALTORS®, Inc. **strongly opposes S.401(Myrie)** which would establish the "Tenant Opportunity to Purchase Act." This legislation would cause considerable harm to small property owners and reduce short-term and long-term government revenues.

The Tenant Opportunity to Purchase Act (TOPA) would establish expansive powers for the State's Homes and Community Renewal agency by giving them the powers of law enforcement officers and give tenant organizations the first opportunity to purchase rental properties. It would establish the first right to purchase, as well as rights of first offer and first refusal for tenants prior to a residential property being offered for sale on the open market. The legislation would mandate the creation of price stabilization provisions that would last up to 99 years, cap annual rent increases, and prohibit the eviction of any TOPA buyer except for good cause.

The TOPA would negatively impact small rental property owners – many of whom are minorities and immigrant New Yorkers – in a disproportionate manner, by leading to the sale of their properties at reduced prices. In many cities, the acquisition of a small rental property has helped lift families out of poverty and create multigenerational wealth. Various economic forces have led many small property owners to sell their buildings in recent years. These forces have only been compounded by the global pandemic, which has left many small property owners financially strapped due to substantial losses in rental income.

This legislation would only exacerbate this negative impact on small property owners. During the pandemic, many tenants have effectively been allowed to live rent-free or rent-reduced, due to eviction moratoriums. The enactment of the TOPA, when rental property values are finally beginning to rebound, would compound the losses suffered by the small property owners who have survived the economic fallout from the pandemic.

Furthermore, the sale of rental properties results in revenues from transfer taxes to the State and localities. Selling these properties below market value, as this bill would permit, would reduce the amount of transfer taxes collected by local governments, at a time when localities sorely need tax revenue. It would also reduce State revenues, which are critical to funding various programs and services. The State is projected to collect more than $1.2 billion in real estate transfer taxes during the fiscal year ending in March 2022. Localities around the State collect hundreds of millions more.

These revenue losses to governments throughout New York would not be short-term. The price stabilization provisions mandated in the bill (Section 799-r) would ensure that rental property values and resale prices are limited for up to a century. Local governments would have to increase property taxes on other property owners to make up for long-term reductions in property tax revenue from rental properties. This would undoubtedly impact cities, including New York City, where rental properties are disproportionately found.

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The TOPA is simply too expansive and costly for the State, localities and small property owners. For these reasons, the New York State Association of REALTORS®, Inc. **strongly opposes S.401(Myrie) and urges its defeat**.

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