New York Bill Targets Hedge Fund-Backed Housing: What You Need to Know

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The New York State Senate has introduced a bill that could have significant implications for institutional investors. The proposed legislation, titled the "End Hedge Fund Control of New York Homes Act" (S1572), responds to concerns about hedge funds and other large financial entities acquiring large numbers of single-family homes across the state.

Key Provisions

- **Scope of Impact:** The bill targets institutional ownership of single-family residences, defined as properties with up to four housing units.
- **Divestment Requirement**: Hedge funds and similar entities would be required to divest "excess" holdings of these properties, though specific thresholds and timelines have yet to be detailed.
- **New Tax Penalties*:*** Firms failing to comply with requirements could face a new tax, designed to discourage concentrated ownership and speculative investment in the residential housing market.

Revenue generated from this tax would fund a newly established Housing Down

Payment Trust Fund, aimed at supporting first-time homebuyers across the state. The legislation is being presented as a bold step toward stabilizing New York’s housing market, curbing rent inflation, and preserving housing access for local residents.

Hedge funds, private equity firms, and other institutional investors with real estate portfolios in New York should closely monitor this bill’s progress and begin evaluating their exposure to single-family residential holdings. If passed, affected firms may face significant compliance obligations or tax liabilities tied to asset retention or disposition strategies.

We are continuing to monitor developments around S1572. For more information, please reach out to George Teixeira, Partner and Practice Leader of Anchin’s Financial Services Group, or your Anchin Relationship Partner.