

# STATE OF NEW YORK

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2707

2025-2026 Regular Sessions

## IN ASSEMBLY

January 22, 2025

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Introduced by M. of A. TAYLOR -- read once and referred to the Committee on Housing

AN ACT to amend the private housing finance law, in relation to enacting the housing development fund company self-determination, preservation and affordability act

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

1 Section 1. Short title. This act shall be known and may be cited as  
2 the "housing development fund company self-determination, preservation  
3 and affordability act".

4 § 2. Legislative findings and declarations. 1. In 1966, the Legisla-  
5 ture enacted Article 11 of the private housing finance law. Article 11  
6 authorized the development of rental and cooperative housing that is  
7 subject to certain income restrictions. The type of income-restricted  
8 housing is referred to as housing development fund companies (HDFCs).

9 2. Beginning in the early 1980s, New York city adopted the HDFC form  
10 of housing cooperative as a means to divest itself of -- and revitalize  
11 -- its tax-foreclosed multi-family housing stock. At the time the city  
12 was experiencing large-scale abandonment of its private low and middle-  
13 income multi-family housing stock. In response to this housing crisis,  
14 the city determined to turn over the ownership and management of many  
15 city-owned tax-foreclosed multifamily buildings to the existing tenants  
16 in the form of HDFC co-ops.

17 3. Previously, the city sold at auction nearly all of its tax-forec-  
18 closed multi-family property to private investors - and that traditional  
19 approach to disposing of tax foreclosed property had led to an acceler-  
20 ating cycle of housing disinvestment and abandonment. The city's HDFC  
21 initiative was in the city's own interests: it enabled the city to avoid  
22 the counterproductive private auction process and to return the build-  
23 ings to the tax rolls.

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

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1 4. Over the past four decades the city's HDFC initiative proved to be  
2 one of New York's most enduring housing success stories. Tens of thou-  
3 sands of resident-shareholders of HDFCs played an important role in the  
4 stabilization and preservation of New York city's multi-family housing  
5 stock in the period following the city's fiscal crisis of the 1970s and  
6 1980s. The city's large-scale creation of HDFC co-ops was a major policy  
7 innovation and was an important part of the city's response to the hous-  
8 ing crisis of that era. Today, there are over 1,100 HDFC co-ops in New  
9 York city.

10 5. All government and community stakeholders benefitted from the  
11 large-scale creation of HDFCs. The city benefitted by reducing its enor-  
12 mous portfolio of tax-foreclosed apartment buildings at a time when the  
13 buildings were a substantial burden to the city and when there was  
14 little in the way of a private market for these properties. The resi-  
15 dents benefitted by the preservation and upgrading of their own build-  
16 ings and by becoming homeowners for the first time. And the surrounding  
17 communities benefitted by the stabilization of the neighborhood, the  
18 upgrading of housing and by the transformation of a rental community  
19 into a homeownership community.

20 6. When the city imposed regulatory controls on the city-sponsored  
21 HDFCs, the regulatory controls placed on HDFCs were time-limited.  
22 Consequently, the HDFCs that were created in the 1980s and 1990s have  
23 regulatory controls that already have expired or will soon expire. For  
24 this class of HDFCs, there is a great deal of uncertainty as to their  
25 legal status and their financial future.

26 7. This legislation clarifies the legal status of HDFCs with expired  
27 regulatory controls in a way that protects and promotes their autonomy  
28 and self-governance while strengthening the inducements for these HDFCs  
29 to voluntarily agree to continue to operate as affordable housing.

30 8. An important feature of city-sponsored HDFCs is the city's use of  
31 its authority to enter into a "regulatory agreement" with the HDFC.  
32 Under section 576 of the private housing finance law, either the state  
33 or the municipal "supervisory agency" (i.e., HPD) may enter into a regu-  
34 latory agreement with an HDFC if the agency advances public funds to the  
35 HDFC. Under such section of the private housing finance law, every HDFC  
36 regulatory agreement must provide that:

37 (1) Households must meet income eligibility guidelines, which are  
38 defined by statute as six times the annual rent plus six percent of the  
39 shareholder's "original investment" in the HDFC. See paragraph b of  
40 subdivision 1 of section 576 of the private housing finance law.

41 (2) Profits must be used only for capital improvements or to reduce  
42 rent/maintenance. Dividends cannot be paid to owners. See paragraphs c  
43 and d of subdivision 1 of section 576 of the private housing finance  
44 law.

45 (3) The property may not be sold or transferred without HPD approval  
46 for so long as the regulatory agreement remains in effect and/or unless  
47 and until any funds or mortgages owed to the city are paid in full. See  
48 paragraph e of subdivision 1 of section 576 of the private housing  
49 finance law.

50 (4) The HDFC may not be dissolved without HPD approval for so long as  
51 the regulatory agreement remains in effect and/or unless and until any  
52 funds or mortgages owed to the city are paid in full. See paragraph e of  
53 subdivision 1 of section 576 of the private housing finance law.

54 9. Thus, under section 576 of the private housing finance law certain  
55 key restrictions remains in effect only for so long as a regulatory  
56 agreement remains in effect. Put differently, the city's authority to

1 impose section 576 restrictions (including restrictions on dissolution  
2 of HDFCs and on the sale and disposition of HDFC property) is limited to  
3 only those HDFCs that are subject to a regulatory agreement and does not  
4 extend to HDFCs in which a regulatory agreement or mortgage is no longer  
5 in effect.

6 10. The city applied its section 576 authority to HDFCs in two ways:  
7 i.e. (1) some of the terms of the section 576 "regulatory agreement"  
8 were incorporated into various HDFC incorporation documents and in the  
9 deed conveying title to the property; and (2) a regulatory agreement was  
10 incorporated into mortgage documents when the city made loans to HDFCs  
11 to finance capital improvements. In each case the city imposed resale  
12 restrictions that had a fixed term. At the inception of the HDFC program  
13 in the early 1980s, city-sponsored resale restrictions imposed by the  
14 sale documents expired in ten years. By the late 1980s, city-sponsored  
15 resale restrictions imposed by the sale documents ran for 25 years.  
16 Furthermore, resale restrictions that were made a part of city-sponsored  
17 rehabilitation loans to HDFCs ran for the life of the loan -- i.e.,  
18 usually 15 to 25 years.

19 11. Thus, the city used section 576 of the private housing finance law  
20 as a means to impose additional terms and conditions (including resale  
21 restrictions) on the operation of the HDFC for a fixed term following  
22 the establishment of the housing cooperative or during the life of a  
23 city-sponsored loan to the HDFC. For the vast majority of HDFCs, these  
24 restrictions have expired.

25 12. There are presently over 1,100 HDFCs in New York city containing  
26 approximately 25,000 apartments. Of these HDFCs, approximately 20  
27 percent are subject to regulatory agreements. A substantial number of  
28 non-regulated HDFCs date from the 1980s and 1990s. These older HDFCs are  
29 no longer subject to city resale restrictions that expired after either  
30 ten years or 25 years following the incorporation of the HDFCs.

31 13. For as long as a particular city-imposed resale restrictions  
32 remained in effect, an HDFC is subject to a detailed scheme of regu-  
33 lations imposed by the city pursuant to section 576 of the private hous-  
34 ing finance law. In general, HPD resale restrictions govern such impor-  
35 tant issues of HDFC governance as income limitations for purchasers,  
36 succession rights, sublet rights, flip taxes, HPD consent as a precondi-  
37 tion to the sale of an HDFC building and HPD consent to the dissolution  
38 of an HDFC. Upon the expiration of the city-imposed restrictions, the  
39 HDFC is no longer subject to these externally imposed regulations.

40 14. An HDFC with expired regulatory controls nevertheless remains  
41 subject to Article 11 of the private housing finance law as well as to  
42 various governing documents, such as its certificate of incorporation,  
43 deed restrictions, proprietary lease and by-laws. Most importantly, an  
44 HDFC is required to provide housing for "persons of low income," as  
45 defined in paragraph a of subdivision 3 of section 573 of the private  
46 housing finance law. However, once an HDFC regulatory agreement or other  
47 HPD-imposed income restriction has expired, nothing in the private hous-  
48 ing finance law expressly precludes these HDFC co-ops from converting to  
49 a non-HDFC co-op by reincorporating as a conventional co-op (and thereby  
50 opting out of the remaining statutory restrictions imposed by the  
51 private housing finance law). That circumstance raised the possibility  
52 that some HDFCs may opt-out of the HDFC statute and become market-rate  
53 housing - which would represent a loss to the city's inventory of  
54 affordable housing stock.

55 15. A city-established HDFC is eligible to receive a partial real  
56 estate tax exemption granted by the city pursuant to section 577 of the

1 private housing finance law. Pursuant to this authority, the city in  
2 1989 enacted a partial tax exemption for most city-sponsored HDFCs. The  
3 tax exemption is generally referred to as the "Division of Alternative  
4 Management Programs" tax exemption, or "DAMP tax exemption".

5 16. The tax exemption runs for forty years and will expire in 2029. A  
6 condition of the DAMP tax exemption is that the HDFC remain an HDFC for  
7 the duration of the tax exemption. Hence, an HDFC that opt-outs of the  
8 HDFC statute and become market-rate housing would be required to forfeit  
9 the DAMP tax exemption.

10 17. The city in 2017 proposed local legislation that would revoke the  
11 DAMP tax exemption from any HDFC that declined to sign a new regulatory  
12 agreement with HPD. The proposed new regulatory agreement would contain  
13 many provisions that would largely deprive HDFCs of autonomy and self-  
14 determination, including the imposition of external fiscal monitors paid  
15 for by HDFC income, new restriction on apartment sales and subletting,  
16 and limitations on the assets and other real property owned by HDFC  
17 shareholders. By 2019 the city abandoned the proposed legislation in the  
18 face of widespread opposition by HDFC community groups and other stake-  
19 holders.

20 18. Also in 2017, the city proposed new state legislation that would  
21 re-regulate HDFCs and that would change the law to ensure that all HDFCs  
22 remain subject to affordability controls in perpetuity. See S2543 (2017)  
23 (proposed amendment to the private housing finance law). As stated in  
24 the city's memorandum in support of S2543:

25 "(T)here is a great need for an amendment to clarify that the corpo-  
26 rate purpose of an HDFC -- to provide affordable housing to persons and  
27 families of low income -- is perpetual in duration. Absent the checks  
28 and balances provided by the (proposed amendment to private housing  
29 finance law, which would subject HDFCs for the time to the requirements  
30 of the not-for-profit corporation law), there may be a great loss of  
31 affordable housing."

32 19. Thus, the city expressly acknowledged that, under existing law,  
33 HDFCs with expired regulatory agreements have the option of remaining as  
34 an HDFC or, in the alternative, the option of converting to another form  
35 of housing cooperative without affordability controls. S2453 was  
36 intended to eliminate the second option. Ultimately, S2453 was not  
37 enacted and the statutory law governing HDFCs remains unchanged.

38 20. Contrary to the city's 2017 statement, the New York Attorney  
39 General issued an opinion in 2015 to the effect that HDFC cooperatives  
40 could never opt-out of the PHFL and that they were subject to the  
41 perpetual regulation of the HPD Commissioner. See New York Attorney  
42 General, "Guidance on Housing Development Fund Corporations Seeking to  
43 Transfer or Sell Property for, or Otherwise Convert Property to Market-  
44 Rate Use" (hereafter "Guidance"). HPD joined in the Guidance. The Attor-  
45 ney General reached this conclusion based on their determination that  
46 the statutory term "amendment" - as used in subdivision 5 of section 573  
47 of the private housing finance law - encompassed and implied the commis-  
48 sioner's additional authority to consent to the dissolution of an HDFC.  
49 The Attorney General's Guidance is incorrect as a matter of law, in that  
50 it misconstrues the plain text of the HDFC statute as well as ignores  
51 the distinct treatment of the concepts of "amendment" and "dissolution"  
52 in other New York corporate law settings, including the business corpo-  
53 ration law.

54 21. Consistent with the city's 2017 statement, HDFCs always have had  
55 the right under the private housing finance law -- and continue to have  
56 the right under the private housing finance law -- to dissolve and rein-

1 corporate under the business corporation law or other applicable law,  
2 provided that the housing development fund company: (1) was formerly  
3 subject to a regulatory agreement but such regulatory agreement has  
4 expired and/or was formerly subject to contractual restrictions imple-  
5 menting the requirements of section 576 of the private housing finance  
6 law but that such contractual restrictions have expired; and (2) had  
7 formerly received a tax exemption under section 577 of the private hous-  
8 ing finance law but such tax exemption either has expired or is other-  
9 wise no longer being received.

10 22. This legislation squarely addresses the legal uncertainty that  
11 threatens the future of many city-sponsored HDFCs. More particularly,  
12 this legislation has three overriding goals: (1) to protect and promote  
13 the self-determination of HDFC co-ops; (2) to provide strong incentives  
14 for HDFC co-ops with expired controls to agree to remain as affordable  
15 housing; and (3) to ensure that the HDFC co-ops that agree to remain as  
16 affordable housing are in sound condition and are economically self-suf-  
17 ficient. These three overriding objectives are complementary.

18 23. The current HDFC tax exemption for most city-sponsored HDFCs  
19 co-ops is scheduled to expire in 2029. Already, many financial insti-  
20 tutions have indicated a reluctance to lend to HDFCs in light of the  
21 financial uncertainty associated with the scheduled expiration of the  
22 HDFC tax exemption in five years. This legislation will eliminate this  
23 uncertainty by providing a permanent tax incentive for HDFCs.

24 24. Currently, HDFC co-ops receive a partial tax exemption - known as  
25 "the DAMP tax benefit". The DAMP tax benefit takes the form of a cap on  
26 assessed valuation per dwelling unit - currently \$12,542. As previously  
27 noted, this legislation removes the sunseting of the DAMP tax exemption  
28 and makes the tax exemption permanent. Furthermore, the legislation  
29 allows HDFC co-ops to receive the greater of the DAMP tax exemption or  
30 twice the tax abatement that most market-rate co-ops presently currently  
31 receive under section 467-a of the real property tax law (but which HDFC  
32 co-ops presently are ineligible to receive). This increased tax benefit  
33 to HDFCs is a recognition that income-restricted HDFC co-ops are enti-  
34 tled to greater benefits than market-rate co-ops. This increased tax  
35 benefit is a vital means to promote and protect housing affordability  
36 and to provide financial stability to HDFCs. The benefit also is  
37 intended as an inducement for current HDFC co-ops (with expired regula-  
38 tory controls) to make a long-term commitment to remain as income-res-  
39 tricted HDFCs - rather than exercising their right to reincorporate as  
40 another form of housing cooperative that is not subject to income  
41 restrictions.

42 25. This legislation also establishes a mechanism to ensure that HDFCs  
43 that receive the tax benefit comply with the new affordability require-  
44 ments. As a condition of the continuing receipt of the tax benefit, each  
45 HDFC is required to file an annual certification stating that it has  
46 complied with the affordability requirements. HPD is authorized to  
47 review and audit the sales records of the HDFC in order to ensure  
48 compliance with these requirements. Furthermore, HPD has the right to  
49 suspend or revoke the tax exemption and tax abatement if HPD determines  
50 that HDFC has willfully not complied with the affordability require-  
51 ments.

52 26. For the vast majority of HDFC co-ops, the proposed enhanced real  
53 estate tax benefit -- together with the availability of below-market  
54 interest financing available through HPD -- would be sufficient to  
55 ensure both affordability and fiscal stability. However, for perhaps 10  
56 to 20 percent of HDFCs -- which are in fair to poor financial condition

1 - something more is needed. In recognition of this special need of  
2 economically distressed HDFCs, the legislation extends the authority of  
3 the city of New York to offer special tax relief to HDFC co-ops that are  
4 in severe fiscal distress and that are in danger of tax foreclosure by  
5 reason of unpaid real estate taxes. Such tax relief is conditioned on  
6 the HDFC co-op agreeing to enter into a special regulatory agreement in  
7 which the city exercises appropriate oversight and monitoring of the  
8 HDFC. Current legislation was enacted in 2002 and authorized tax  
9 forgiveness only for HDFCs that "(as of) January 1, 2002 had outstanding  
10 municipal real estate taxes relating to any period prior to January 1,  
11 2001." This baseline year for tax forgiveness (i.e., tax arrears as of  
12 2001) has never been updated to a more current tax year. The legislation  
13 updates the baseline year so that the city has the flexibility to offer  
14 tax forgiveness (in appropriate cases and subject to strict controls set  
15 forth in current law) for HDFC co-ops that are at risk of tax foreclo-  
16 sure. In this way an economically distressed HDFC co-op is saved from  
17 tax foreclosure, and may thereby provide sustainable and affordable  
18 housing for years to come. This is critically important - not just for  
19 the HDFC shareholders themselves - but also for neighborhood stability.

20 27. In summary, this legislation provides a much needed permanent tax  
21 incentive for HDFCs -- as well as targeted tax relief for economically  
22 distressed HDFCs. The permanent tax benefit will eliminate the current  
23 uncertainty surrounding the expiration of the DAMP tax exemption in 2029  
24 - and will thereby ease the availability of mortgage financing for  
25 HDFCs. Furthermore, the permanent tax benefit will serve as a strong  
26 incentive for HDFCs with expired regulatory controls to affirmatively  
27 choose to remain as affordable HDFC housing subject to income  
28 restrictions -- consistent with democratic principles of self-gover-  
29 nance. This approach is a matter of basic fairness and justice; is  
30 consistent with the promises given to HDFCs over the past thirty years;  
31 and is in full accord with how all other government-sponsored private  
32 housing under the private housing finance law is treated (such as Mitc-  
33 hell-Lama housing and Article V redevelopment companies). Most impor-  
34 tantly, this approach will ensure the long-term economic viability of  
35 affordable HDFC co-ops.

36 § 3. Subdivision 5 of section 573 of the private housing finance law,  
37 as amended by chapter 410 of the laws of 1984, is amended to read as  
38 follows:

39 5. The secretary of state shall not file the certificate of incorpo-  
40 ration of any such corporation or any amendment thereto unless the  
41 consent or approval of the commissioner or the supervising agency, as  
42 the case may be, is affixed thereon or attached thereto. Consent to the  
43 filing of such certificate of incorporation shall be based upon findings  
44 by the commissioner or supervising agency as to the character and compe-  
45 tence of the sponsor. For purposes of this subdivision, the term  
46 "amendment" as applied to such corporation shall mean and include any  
47 changes in a certificate of incorporation as authorized in section eight  
48 hundred one of the business corporation law but shall not be deemed to  
49 include a dissolution of such corporation pursuant to section eight  
50 hundred five of the business corporation law. The dissolution of such  
51 corporation does not require the consent or approval of the commissioner  
52 or the supervising agency. A housing development fund company has the  
53 right under this section and section five hundred seventy-six of this  
54 article to dissolve and re-incorporate under the business corporation  
55 law or other applicable law, provided that the housing development fund  
56 company:

1 a. was formerly subject to a regulatory agreement but such regulatory  
2 agreement has expired and/or was formerly subject to contractual  
3 restrictions implementing the requirements of section five hundred  
4 seventy-six of this article but such contractual restrictions have  
5 expired; and

6 b. had formerly received a tax exemption and/or tax abatement pursuant  
7 to section five hundred seventy-seven of this article and such tax  
8 exemption and/or tax abatement has either expired or is otherwise no  
9 longer being received.

10 § 4. Section 576 of the private housing finance law is amended by  
11 adding a new subdivision 4 to read as follows:

12 4. A housing development fund company that is no longer subject either  
13 to a regulatory agreement or to deed restrictions entered into with the  
14 commissioner or supervisory agency shall continue to be subject to the  
15 oversight of the commissioner or supervisory agency, subject to the  
16 limitation set forth in paragraph (d) of subdivision one of section five  
17 hundred seventy-seven of this article, provided that the housing devel-  
18 opment fund company continues to elect to receive a tax exemption and/or  
19 tax abatement pursuant to section five hundred seventy-seven of this  
20 article. If such housing development fund company elects not to receive  
21 a tax exemption and/or tax abatement pursuant to such section, then it  
22 shall cease to be subject to the regulation and oversight of the commis-  
23 sioner or supervisory agency.

24 § 5. Subdivision 1 of section 577 of the private housing finance law,  
25 as amended by chapter 658 of the laws of 1967, paragraph (a) as amended  
26 by chapter 428 of the laws of 1980, paragraph (c) as added by chapter  
27 494 of the laws of 1995, and paragraph (d) as added by chapter 73 of the  
28 laws of 2009, is amended to read as follows:

29 1. (a) The local legislative body of any municipality in which a  
30 project of a housing development fund company is or is to be located may  
31 exempt and abate the real property in such project from local and munic-  
32 ipal taxes including school taxes, other than assessments for local  
33 improvements, to the extent of all or part of the value of the property  
34 included in the completed project. The tax exemption and tax abatement  
35 shall operate and continue for [~~such period as may be provided by such~~  
36 ~~local legislative body, but in no event for a period of more than forty~~  
37 ~~years, commencing~~] so long as a housing development fund company remains  
38 in compliance with the requirements of this section, and shall commence  
39 in each instance from the date on which the benefits of such exemption  
40 first became available and effective. The tax exemption and tax abate-  
41 ment shall be applied to:

42 (i) newly created housing development fund companies that are subject  
43 to regulatory agreement and/or contractual or deed restrictions imposed  
44 by the commissioner or supervisory agency;

45 (ii) housing development fund companies that are presently subject to  
46 a regulatory agreement and/or contractual or deed restrictions imposed  
47 by the commissioner or supervisory agency; and

48 (iii) housing development fund companies that are not presently  
49 subject to a regulatory agreement and are not presently subject to  
50 contractual or deed restrictions imposed by the commissioner or supervi-  
51 sory agency but that agree to the conditions of the tax exemption and  
52 tax abatement as hereinafter described in paragraph (b) of this subdivi-  
53 sion.

54 (b) In order for a housing development fund company described in  
55 subparagraph (iii) of paragraph (a) of this subdivision to be eligible  
56 for a tax exemption and tax abatement pursuant to this section, such

1 company shall be required, for so long as it receives such tax exemption  
2 and tax abatement, to not approve a sale of an apartment unless the  
3 purchaser of the apartment provides satisfactory proof of income and  
4 unless the income of the purchaser is no greater than the income limita-  
5 tion specified herein. Such income limitation shall be, at the election  
6 of the housing development fund company, either (i) the apartment resale  
7 requirement of paragraph b of subdivision one of section five hundred  
8 seventy-six of this article; or (ii) a requirement that the income of a  
9 purchaser of an apartment not exceed one hundred sixty-five percent of  
10 the area median income, as determined from time to time by the United  
11 States department of housing and urban development. As a condition of  
12 the continuing receipt of such tax exemption and tax abatement, the  
13 housing development fund company shall file an annual certification with  
14 the commissioner or supervisory agency that the company has complied  
15 with the requirements of this section. Such certification shall be  
16 limited to a listing of apartments sold or transferred in the prior  
17 twelve months and a statement that the income of the purchaser or trans-  
18 feree of the apartment complies with the income requirement of this  
19 paragraph, except that a transferee who is a member of the transferor's  
20 family or household need not comply with such requirement.

21 (c) (i) The commissioner or supervisory agency may review and audit  
22 the sales records of a housing development fund company in order to  
23 ensure compliance with the requirements of this section. The commis-  
24 sioner or supervisory agency shall have the authority to suspend or revoke  
25 the tax exemption and tax abatement applicable to any housing develop-  
26 ment fund company, in proportion to the percentage of dwelling units at  
27 a housing development fund corporation not in compliance with this  
28 section, if the commissioner determines that the company has willfully  
29 violated the provisions of this section, so long as the housing develop-  
30 ment fund company is provided with prior written notification as to each  
31 specific instance of noncompliance and to which dwelling unit such non-  
32 compliance is alleged.

33 (ii) A housing development fund company shall have the right to rebut  
34 allegations of a willful violation of this section, and also to charge  
35 and collect additional monies from any shareholder, including successors  
36 and assigns, found by the commissioner or supervisory agency to have  
37 willfully not complied with the requirements of this section so as to  
38 recover expenses for all losses of tax exemptions and tax abatements and  
39 so as to recover all expenses associated with responding to such allega-  
40 tions by the commissioner or supervisory agency.

41 (iii) Any annual certification submitted pursuant to this section that  
42 has been accepted for filing and that has not been subject to a suspen-  
43 sion or revocation action by the commissioner or supervisory agency for  
44 a period of five years shall be deemed correct and shall not be subject  
45 to further audit or review by the commissioner or supervisory agency.

46 (d) The conditions set forth in paragraph (b) of this subdivision  
47 shall be the sole and exclusive conditions governing the eligibility of  
48 a housing development fund company described in subparagraph (iii) of  
49 paragraph (a) of this subdivision for receipt of the tax exemption and  
50 tax abatement authorized in paragraph (e) of this subdivision.

51 (e) For each eligible housing development fund company, the annual  
52 amount of the tax exemption and tax abatement authorized pursuant to  
53 this section shall be the greater of:

54 (i) twelve thousand five hundred forty-two dollars, equivalent to the  
55 cap on assessed value per apartment of fifty thousand dollars in the two

1 thousand twenty-four tax year, and which shall increase by two and a  
2 half percent per year in each subsequent tax year; or

3 (ii) the net reduction in real estate taxes resulting from two hundred  
4 percent of the tax abatement for housing cooperatives authorized by  
5 section four hundred sixty-seven-a of the real property tax law.

6 (f) Where a municipality acts on behalf of another taxing jurisdiction  
7 in assessing real property for the purpose of taxation, or in levying  
8 taxes therefor, the action of the local legislative body of such munic-  
9 ipality in granting such tax exemption shall have the effect of exempting  
10 the real property in such project from local and municipal taxes includ-  
11 ing school taxes, other than assessments for local improvements, levied  
12 by or in behalf of both such taxing jurisdictions.

13 [~~e~~] (g) The local legislative body of any municipality may grant an  
14 exemption under paragraph (a) of this subdivision to the real property  
15 of a project of any entity to which it is authorized to make a loan  
16 pursuant to section five hundred seventy-six-c of this article.

17 [~~d~~] (h) In a city having a population of one million or more, within  
18 one hundred twenty days following receipt of a written submission from  
19 the supervising agency requesting a tax exemption pursuant to paragraph  
20 (a) of this subdivision for the real property containing the project of  
21 a housing development fund company, the local legislative body shall  
22 approve or disapprove by resolution the requested tax exemption. If the  
23 local legislative body fails to take such action within one hundred  
24 twenty days following receipt of such written submission from such  
25 supervising agency, then the tax exemption requested by the supervising  
26 agency shall be deemed approved pursuant to paragraph (a) of this subdi-  
27 vision.

28 § 6. Paragraph (b) of subdivision 1 of section 577-b of the private  
29 housing finance law, as amended by chapter 225 of the laws of 2004, is  
30 amended to read as follows:

31 (b) on January first, two thousand [~~two~~] twenty-four, had outstanding  
32 municipal real estate taxes relating to any period prior to January  
33 first, two thousand [~~one~~] twenty-three.

34 § 7. This act shall take effect on the first of January next succeed-  
35 ing the date on which it shall have become a law.