STATE OF NEW YORK

7987

2025-2026 Regular Sessions

IN ASSEMBLY

April 16, 2025

Introduced by M. of A. LUCAS -- read once and referred to the Committee on Ways and Means

AN ACT to amend the private housing finance law, in relation to reduction of taxes pursuant to shelter rent

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

Section 1. Paragraph (a) of subdivision 1 of section 33 of the private housing finance law, as amended by chapter 229 of the laws of 1989, is amended to read as follows:

(a) Upon the consent of the local legislative body of any municipality in which a project is or is to be located, the real property in a project shall be exempt from local and municipal taxes, other than assessments for local improvements, to the extent of all or part of the value of the property included in such project which represents an increase over the assessed valuation of the real property, both land and improvements, acquired for the project at the time of its acquisition by the limited-profit housing company, provided, however, that the real property in a project acquired for purposes of rehabilitation shall be exempt to the extent of all or part of the value of the property included in such project, and further provided that the amount of such taxes to be paid shall not be less than ten per centum of the annual shelter rent or carrying charges of such project except that for projects located or to be located in a city of a population of one million or more, [~~upon the consent of the local legislative body of the municipality, the amount of such taxes to be paid may be set at not less than (i) the taxes payable with respect to the real property in such project with respect to the year nineteen hundred seventy-three, or, (ii) if such project was not occupied in such year, not less than ten per centum of the annual shelter rent or carrying charges first established pursuant to subdivision one of section thirty-one of this article~~] the amount of such taxes shall be no more than zero per centum of

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

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the annual shelter rent or carrying charges of the project. Upon the consent of the local legislative body of a municipality, other than a city with a population of one million or more, in which the project is located, the amount of such taxes may be further reduced to zero per centum or less of the annual shelter rent or carrying charges of the project. Any such granted consent to reduce the amount of such taxes shall expire every ten years. If such authorization is not renewed, the rate of taxation shall revert to the level established before the consent was granted. Shelter rent shall mean the total rents received from the occupants of a project less the cost of providing to the occupants electricity, gas, heat and other utilities. Total rents shall include rent supplements and subsidies received from the federal government, the state or a municipality on behalf of such occupants[~~,~~] but shall not include interest reduction payments pursuant to subdivision (a) of section two hundred one of the Federal Housing and Urban Development Act of nineteen hundred sixty-eight. The tax exemption shall operate and continue so long as the mortgage loans of the company, including any additional mortgage loan the proceeds of which are used primarily for the residential portion of the project, which additional loan is approved by the commissioner or the supervising agency, are outstanding.

§ 2. Paragraph (c) of subdivision 1 of section 33 of the private housing finance law, as amended by chapter 229 of the laws of 1989, is amended to read as follows:

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this subdivision, the real property of a state urban development corporation project acquired, owned, constructed, managed or operated by a company incorporated pursuant to the not-for-profit corporation law and this article shall be entitled to all the benefits provided by section four hundred twenty-two of the real property tax law. The real property of a state urban development corporation project, other than a state urban development corporation project acquired, owned, constructed, managed or operated by a company incorporated pursuant to the not-for-profit corporation law and this article, shall be exempt from all local and municipal taxes, other than assessments for local improvements, to the extent of the value of the property included in such project as represents an increase over the assessed valuation of the real property, both land and improvements, acquired for the project on the date of its acquisition by the limited-profit housing company, provided that the amount of such taxes to be paid shall not be less than ten per centum of the annual shelter rent or carrying charges of such project, as defined in paragraph (a) hereof, except that in a city with a population of one million or more, the amount of such taxes shall be no more than zero per centum of the annual shelter rent or carrying charges of the project. Upon the consent of the local legislative body of the municipality, other than a city with a population of one million or more, in which the project is located, the amount of such taxes may be further reduced to zero per centum or less of the annual shelter rent or carrying charges of the project. Any such granted consent to reduce the amount of such taxes shall expire every ten years. If such authorization is not renewed, the rate of taxation shall revert to the level established before the consent was granted. The tax exemption shall operate and continue so long as the mortgage loans of such limited profit housing company, including any additional mortgage loan the proceeds of which are used primarily for the residential portion of the project, which additional loan is approved by the commissioner or the supervising agency, are outstanding and the project is continued to be operated as a limited-profit housing project. If a state urban development corporation project qualifying for tax exemption pursuant to this paragraph is sold, with the approval of the commissioner, to another limited-profit housing company, such successor company shall be entitled to all the benefits of this paragraph. In the event that such sale is to a company incorporated pursuant to the not-for-profit corporation law and this article, such successor company shall be entitled to all the benefits provided by section four hundred twenty-two of the real property tax law.

§ 3. Paragraph (d) of subdivision 1 of section 33 of the private housing finance law, as amended by chapter 744 of the laws of 1977, is amended to read as follows:

(d) Notwithstanding the provisions of paragraphs (a) and (b) of this subdivision, when a project is financed with a mortgage loan pursuant to this article or article three of this chapter and (i) there is a participation, new loan or investment pursuant to section twenty-three-b of this article or (ii) such mortgage loan is assigned, modified or satisfied pursuant to section twenty-three-a or forty-four-b or subdivision twenty-two-a of section six hundred fifty-four of this chapter, the real property of the project shall be exempt from all local and municipal taxes, other than assessments for local improvements, to the extent of the value of the real property included in such project which represents an increase over the assessed valuation of the real property, both land and improvements, acquired for the project on the date of its original acquisition for the project by the original mortgagor under a mortgage loan pursuant to this article or article three of this chapter, provided that the amount of taxes to be paid on the project shall not be less than ten per centum of the annual shelter rent or carrying charges of such project, as defined in paragraph (a) of this subdivision**, except that in a city with a population of one million or more, the amount of such taxes shall be no more than zero per centum of the annual shelter rent or carrying charges of the project. Upon the consent of the local legislative body of the municipality, other than a city with a population of one million or more, in which the project is located, the amount of such taxes may be further reduced to zero per centum or less of the annual shelter rent or carrying charges of the project. Any such granted consent to reduce the amount of such taxes shall expire every ten years. If such authorization is not renewed, the rate of taxation shall revert to the level established before the consent was granted**. Such tax exemption shall commence in each instance from the date when the project becomes subject to a mortgage insured by the federal government and shall operate and continue so long as a mortgage on such project is insured or held by the federal government or so long as the project is thereafter owned by the federal government or so long as any residual indebtedness is outstanding, whichever is longer. When there is a participation, new loan or investment pursuant to section twenty-three-b of this article, such participation, new loan or investment shall be deemed to be the equivalent of a federally insured mortgage for purposes of this paragraph. Nothing contained in this paragraph shall be construed to limit or otherwise impair the benefits available to any company eligible for exemption from taxation pursuant to section thirty-one or section thirty-six-a of this article, section four hundred twenty-two or section four hundred sixty-seven-c of the real property tax law, or section fifty-eight of the public housing law. The foregoing shall not be deemed to authorize any company to receive the benefits of any exemption from taxation in contravention of the provisions of section two of article eighteen of the constitution.

§ 4. Subdivision 4 of section 33 of the private housing finance law, as amended by chapter 229 of the laws of 1989, is amended to read as follows:

4. Notwithstanding the provisions of subdivision one hereof, when a mutual company is organized under this article to facilitate the acquisition of a building by residents thereof, the amount of local and municipal taxes, other than assessments for local improvements, to be paid on the real property included in such project, both land and improvements, shall not exceed twenty per centum of the annual shelter rent or carrying charges of such project, as defined in paragraph (a) of subdivision one hereof; provided, however, that where such acquisition of a building by residents thereof involves the financing of rehabilitation or other improvement as well as acquisition, upon the consent of the local legislative body of the municipality in which the project is located the amount of such taxes may be further reduced provided that such amount shall not be less than ten per centum of the annual shelter rent or carrying charges of the project, as defined in paragraph (a) of subdivision one hereof; or the company may in lieu of requesting such consent apply for the benefits of the local law, if any, enacted pursuant to section four hundred eighty-nine of the real property tax law. <u>**Notwithstanding any other provision of this subdivision, in a city with a population of one million or more, the amount of such taxes shall be no more than zero per centum of the annual shelter rent or carrying charges of the project. Upon the consent of the local legislative body of the municipality, other than a city with a population of one million or more, in which the project is located, the amount of such taxes may be further reduced to zero per centum or less of the annual shelter rent or carrying charges of the project. Any such granted consent to reduce the amount of such taxes shall expire every ten years. If such authorization is not renewed, the rate of taxation shall revert to the level established before the consent was granted.**</u> Such tax exemption, if any, granted pursuant to this article shall operate and continue so long as a loan made under this article or any subsequent loan approved by the commissioner or the supervising agency to enhance the residential portion of the project and the project is continued to be operated for the purposes set forth in this article is outstanding.

§ 5. This act shall take effect immediately.