S T A T E O F N E W Y O R K

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I N S E N A T E

April 2, 2009

Introduced by Sens. KRUEGER, DUANE, HUNTLEY, MONSERRATE, ONORATO -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development

AN ACT to amend the private housing finance law, in relation to windfall profits on the dissolution or first sale of rental companies and the dissolution and/or reconstitution of mutual companies

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Subdivision 2 of section 35 of the private housing finance law, as amended by chapter 229 of the laws of 1989, is amended to read as follows:

2. A company aided by a loan made after May first, nineteen hundred fifty-nine, may voluntarily be dissolved, SOLD AND/OR RECONSTITUTED without the consent of the commissioner or of the supervising agency, as the case may be, not less than twenty years after the occupancy date upon the payment in full of the remaining balance of principal and interest due and unpaid upon the mortgage or mortgages [and], of any and all expenses incurred in effecting such voluntary dissolution AND OF A TRANSFER FEE EQUAL TO SEVENTY-FIVE PERCENT OF THE FAIR MARKET VALUE IN THE CASE OF DISSOLUTION OR SALES PRICE ON THE FIRST SALE OF A RENTAL PROJECT, OR, IN THE CASE OF A MUTUAL COMPANY SEVENTY-FIVE PERCENT OF THE SALES PRICE ON EACH FIRST SALE THEREAFTER FOR MARKET VALUE BY A SELLING SHAREHOLDER. THE PROCEEDS OF THE TRANSFER FEES ARE TO BE PAID INTO A FUND HELD BY THE NEW YORK CITY HOUSING DEVELOPMENT CORPORATION AND THE NEW YORK STATE HOUSING FINANCE AGENCY FOR THE FOLLOWING PURPOSES:

(A) TO CONTINUE TO SUBSIDIZE THE DEVELOPMENT FOR AS LONG AS THE PURCHASER OF A RENTAL DEVELOPMENT REMAINS IN THE MITCHELL-LAMA PROGRAM;

(B) FOR THE CITY OR STATE TO PURCHASE THE LAND AND TO LEASE THE LAND TO THE TENANTS AND CONVERT THE PROJECT TO A LIMITED PROFIT MUTUAL COMPANY, WITH A NINETY-NINE YEAR LEASE;

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

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(C) FOR REPAIR LOANS AT ZERO PERCENT INTEREST TO FUND NECESSARY CAPITAL IMPROVEMENTS FOR AS LONG AS THE COMPANY REMAINS IN THE MITCHELL-LAMA PROGRAM;

(D) FOR EACH YEAR THAT THE COMPANY REMAINS AS A LIMITED PROFIT COMPANY, TO FORGIVE ONE-THIRTIETH OF THE PRINCIPAL OF ANY REPAIR LOAN EACH YEAR;

(E) FOR THE SUBSIDIZATION OF OTHER LIMITED PROFIT HOUSING COMPANIES; AND

(F) FOR THE DEVELOPMENT OF OTHER AFFORDABLE HOUSING.

S 2. This act shall take effect immediately.