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

10252--C

I N A S S E M B L Y

May 16, 2012

Introduced by M. of A. V. LOPEZ, LENTOL, MILLMAN -- read once and referred to the Committee on Housing -- reported and referred to the Committee on Codes -- reported and referred to the Committee on Rules -- Rules Committee discharged, bill amended, ordered reprinted as amended and recommitted to the Committee on Rules -- again reported from said committee with amendments, ordered reprinted as amended and recommitted to said committee -- again reported from said committee with amendments, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the multiple dwelling law and the real property tax law, in relation to interim multiple dwellings in a city with a population of one million or more

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

Section 1. Subdivision 5 of section 281 of the multiple dwelling law, as amended by chapter 139 of the laws of 2011, is amended to read as follows:

5. Notwithstanding the provisions of paragraphs (i), (iii) and (iv) of subdivision two of this section, but subject to paragraphs (i) and (ii) of subdivision one of this section and paragraph (ii) of subdivision two of this section, the term "interim multiple dwelling" shall include buildings, structures or portions thereof that are located in a city of more than one million persons which were occupied for residential purposes as the residence or home of any three or more families living independently from one another for a period of twelve consecutive months during the period commencing January first, two thousand eight, and ending December thirty-first, two thousand nine, provided that the unit: is not located in a basement or cellar and has at least one entrance that does not require passage through another residential unit to obtain access to the unit, has at least one window opening onto a street or a lawful yard or court as defined in the zoning resolution for such municipality, and is at least [five hundred fifty] FOUR HUNDRED square feet in area. The term "interim multiple dwelling" as used in this subdivision shall not include (i) any building in an industrial business zone

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

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established pursuant to chapter six-D of title twenty-two of the administrative code of the city of New York except that a building in the Williamsburg/Greenpoint or North Brooklyn industrial business zones and a building located in that portion of the Long Island city industrial business zone that has frontage on either side of forty-seventh avenue or is located north of forty-seventh avenue and south of Skillman avenue or in that portion of the Long Island city industrial business zone that is located north of forty-fourth drive, south of Queens plaza north, and west of twenty-third street may be included in the term "interim multiple dwelling," or (ii) units in any building, OTHER THAN A BUILDING THAT IS ALREADY DEFINED AS AN "INTERIM MULTIPLE DWELLING" PURSUANT TO SUBDIVISION ONE, TWO, THREE OR FOUR OF THIS SECTION, that, at the time this subdivision shall take effect AND CONTINUING AT THE TIME OF THE SUBMISSION OF AN APPLICATION FOR COVERAGE BY ANY PARTY, also contains a use actively and currently pursued, which use is set forth in use groups fifteen through eighteen, as described in the zoning resolution of such municipality in effect on June twenty-first, two thousand ten, and which the loft board has determined in rules and regulation is inherently incompatible with residential use in the same building, provided that if a building does not contain such active uses at the time this subdivision takes effect, no subsequent use by the owner of the building shall eliminate the protections of this section for any residential occupants in the building already qualified for such protections. The term "interim multiple dwelling," as used in this subdivision shall also include buildings, structures or portions thereof that are located north of West 24th Street and south of West 27th Street and west of tenth avenue and east of eleventh avenue in a city of more than one million persons which were occupied for residential purposes as the residence or home of any two or more families living independently from one another for a period of twelve consecutive months during the period commencing January first, two thousand eight, and ending December thirty-first, two thousand nine and subject to all the conditions and limitations of this subdivision other than the number of units in the building. A reduction in the number of occupied residential units in a building after meeting the aforementioned twelve consecutive month requirement shall not eliminate the protections of this section for any remaining residential occupants qualified for such protections. Non-residential space in a building as of the effective date of this subdivision shall be offered for residential use only after the obtaining of a residential certificate of occupancy for such space and such space shall be exempt from this article, even if a portion of such building may be an interim multiple dwelling.

S 2. Subdivision 2 of section 286 of the multiple dwelling law, as amended by chapter 414 of the laws of 1999, subparagraphs (A) and (B) of paragraph (ii) and paragraph (iii) as amended by chapter 135 of the laws of 2010, is amended to read as follows:

2. (i) Prior to compliance with safety and fire protection standards of article seven-B of this chapter, residential occupants qualified for protection pursuant to this article shall be entitled to continued occupancy, provided that the unit is their primary residence, and shall pay the same rent, including escalations, specified in their lease or rental agreement to the extent to which such lease or rental agreement remains in effect or, in the absence of a lease or rental agreement, the same rent most recently paid and accepted by the owner; if there is no lease or other rental agreement in effect, rent adjustments prior to article seven-B compliance shall be in conformity with guidelines to be set by

the loft board for such residential occupants within six months from the effective date of this article.

(ii) In addition to any rent adjustment pursuant to paragraph (i) of this subdivision, on or after June twenty-first, nineteen hundred nine-ty-two, the rent for residential units in interim multiple dwellings that are not yet in compliance with the requirements of subdivision one of section two hundred eighty-four of this article shall be adjusted as follows:

(A) Upon the owners' filing of an alteration application, as required by paragraph (ii), (iii), (iv), (v), or (vi) of subdivision one of section two hundred eighty-four of this article, an adjustment equal to [six] THREE percent of the rent in effect at the time the owner files the alteration application.

(B) Upon obtaining an alteration permit, as required by paragraph (ii), (iii), (iv), (v), or (vi) of subdivision one of section two hundred eighty-four of this article, an adjustment equal to [eight] THREE percent of the rent in effect at the time the owner obtains the alteration permit.

(C) Upon achieving compliance with the standards of safety and fire protection set forth in article seven-B of this chapter for the residen-tial portions of the building, an adjustment equal to [six] FOUR percent of the rent in effect at the time the owner achieves such compliance.

(D) Owners who filed an alteration application prior to the effective date of this subparagraph shall be entitled to a prospective adjustment equal to six percent of the rent on the effective date of this subpara-graph.

(E) Owners who obtained an alteration permit prior to June twenty-first, nineteen hundred ninety-two shall be entitled to a prospective adjustment equal to fourteen percent of the rent on June twenty-first, nineteen hundred ninety-two.

(F) Owners who achieved compliance with the standards of safety and fire protection set forth in article seven-B of this chapter for the residential portions of the building prior to June twenty-first, nine-teen hundred ninety-two shall be entitled to a prospective adjustment equal to twenty percent of the rent on June twenty-first, nineteen hundred ninety-two.

(iii) Any rent adjustments pursuant to paragraph (ii) of this subdivi-sion shall not apply to units which were rented at market value after June twenty-first, nineteen hundred eighty-two and prior to June twen-ty-first, nineteen hundred ninety-two. This paragraph shall not apply to units made subject to this article by subdivision five of section two hundred eighty-one of this article.

(iv) Payment of any rent adjustments pursuant to paragraph (ii) of this subdivision shall commence the month immediately following the month in which the act entitling the owner to the adjustment occurred.

S 3. The provisions of subdivision (c) of section 11-245 of the admin-istrative code of the city of New York shall not be applicable to any multiple dwelling located on lots numbered 13 and 14 of Manhattan block numbered 51, lots numbered 17, 18, and 21 of Manhattan block number 90, lots numbered 7, 8, 10, 11, 57 and 111 of Manhattan block numbered 1010, and lots numbered 33, 34 and 35 of Manhattan block numbered 1259 as such lots and blocks are numbered as of the date this act shall have become law, provided that the construction of such multiple dwellings on those lots commences on or after January 1, 2007, and on or before June 21, 2017, and provided that for all such multiple dwellings the department of housing preservation and development of New York City shall impose a

requirement and certify that twenty percent of the units on site are affordable to households of low and moderate income pursuant to subdivision 7 of section 421-a of the real property tax law. The provisions of subdivision (c) of section 11-245 of the administrative code of the city of New York shall not be applicable to any multiple dwelling that is located on lot 10 of Manhattan block number 123, as such lot and block are numbered as of the date this act shall have become law, provided that construction of such multiple dwelling commenced on or after January 1, 2007, and on or before June 21, 2012, and provided further that the individual or agent thereof seeking benefits pursuant to section 421-a of the real property tax law enters into and fulfills the requirements of a memorandum of understanding with the city of New York Department of Housing Preservation and Development to fund in an amount not less than $9 million the construction of affordable rental housing within the City of New York, provided, however, that such amount required shall be reduced by the value of negotiable certificates that the individual or agent thereof seeking benefits purchased, pursuant to section 6-08 of title 28 of the rules of the city of New York as such rules existed as of the date this act shall have become law, in order to entitle such multiple dwelling to the benefits pursuant to section 421-a of the real property tax law for a specified number of units in the geographic exclusion area, provided that such negotiable certificates were generated by a written agreement with the Department of Housing Preservation and Development, and provided further that, notwithstanding any other provision of law, benefits granted pursuant to section 421-a of the real property tax law for such multiple dwelling shall be granted as if construction commenced as of the date this act shall have become law.

S 4. Subparagraph (i) of paragraph (a) of subdivision 2 of section 421-a of the real property tax law, as amended by section 38 of part B of chapter 97 of the laws of 2011, is amended to read as follows:

(i) Within a city having a population of one million or more, new multiple dwellings, except hotels, shall be exempt from taxation for local purposes, other than assessments for local improvements, for the tax year or years immediately following taxable status dates occurring subsequent to the commencement and prior to the completion of construction, but not to exceed three such tax years, [except for new multiple dwellings the construction of which commenced between January first, two thousand seven, and June thirtieth, two thousand nine, shall have an additional thirty-six months to complete construction and shall be eligible for full exemption from taxation for the first three years of the period of construction; any eligible project that seeks to utilize the six-year period of construction authorized by this section must apply for a preliminary certificate of eligibility within one year of the effective date of the rent act of 2011, provided, however that such multiple dwellings shall be eligible for a maximum of three years of benefits during the construction period,] and shall continue to be exempt from such taxation in tax years immediately following the taxable status date first occurring after the expiration of the exemption herein conferred during construction so long as used at the completion of construction for dwelling purposes for a period not to exceed ten years in the aggregate after the taxable status date immediately following the completion thereof, as follows:

(A) except as otherwise provided herein there shall be full exemption from taxation during the period of construction or the period of three years immediately following commencement of construction, whichever

expires sooner, [except for new multiple dwellings the construction of which commenced between January first, two thousand seven, and June thirtieth, two thousand nine, shall have an additional thirty-six months to complete construction and shall be eligible for full exemption from taxation for the first three years of the period of construction; any eligible project that seeks to utilize the six-year period of construction authorized by this section must apply for a preliminary certificate of eligibility within one year of the effective date of the rent act of 2011, provided, however that such multiple dwellings shall be eligible for a maximum of three years of benefits during the construction period,] and for two years following such period;

(B) followed by two years of exemption from eighty per cent of such taxation;

(C) followed by two years of exemption from sixty per cent of such taxation;

(D) followed by two years of exemption from forty per cent of such taxation;

(E) followed by two years of exemption from twenty per cent of such taxation;

The following table shall illustrate the computation of the tax exemption:

CONSTRUCTION OF CERTAIN MULTIPLE DWELLINGS

| | Exemption |
|---|---|
| During Construction (maximum three years)[; except construction commenced between January first, two thousand seven and June thirtieth, two thousand nine (maximum three years)] | 100% |
| Following completion of work Year: | |
| 1 | 100% |
| 2 | 100 |
| 3 | 80 |
| 4 | 80 |
| 5 | 60 |
| 6 | 60 |
| 7 | 40 |
| 8 | 40 |
| 9 | 20 |
| 10 | 20 |

S 5. Clause (A) of subparagraph (ii) of paragraph (a) of subdivision 2 of section 421-a of the real property tax law, as amended by section 39 of part B of chapter 97 of the laws of 2011, is amended to read as follows:

(A) Within a city having a population of one million or more the local housing agency may adopt rules and regulations providing that except in areas excluded by local law new multiple dwellings, except hotels, shall be exempt from taxation for local purposes, other than assessments for local improvements, for the tax year or years immediately following taxable status dates occurring subsequent to the commencement and prior to the completion of construction, but not to exceed three such tax years, [except for new multiple dwellings the construction of which

commenced between January first, two thousand seven, and June thirtieth, two thousand nine, shall have an additional thirty-six months to complete construction and shall be eligible for full exemption from taxation for the first three years of the period of construction; any eligible project that seeks to utilize the six-year period of construction authorized by this section must apply for a preliminary certificate of eligibility within one year of the effective date of the rent act of 2011, provided, however that such multiple dwellings shall be eligible for a maximum of three years of benefits during the construction period,] and shall continue to be exempt from such taxation in tax years immediately following the taxable status date first occurring after the expiration of the exemption herein conferred during such construction so long as used at the completion of construction for dwelling purposes for a period not to exceed fifteen years in the aggregate, as follows:

a. except as otherwise provided herein there shall be full exemption from taxation during the period of construction or the period of three years immediately following commencement of construction, whichever expires sooner, [except for new multiple dwellings the construction of which commenced between January first, two thousand seven, and June thirtieth, two thousand nine, shall have an additional thirty-six months to complete construction and shall be eligible for full exemption from taxation for the first three years of the period of construction; any eligible project that seeks to utilize the six-year period of construction authorized by this section must apply for a preliminary certificate of eligibility within one year of the effective date of the rent act of 2011, provided, however that such multiple dwellings shall be eligible for a maximum of three years of benefits during the construction period,] and for eleven years following such period;

b. followed by one year of exemption from eighty percent of such taxation;

c. followed by one year of exemption from sixty percent of such taxation;

d. followed by one year of exemption from forty percent of such taxation;

e. followed by one year of exemption from twenty percent of such taxation.

S 6. Clause (A) of subparagraph (iii) of paragraph (a) of subdivision 2 of section 421-a of the real property tax law, as amended by section 40 of part B of chapter 97 of the laws of 2011, is amended to read as follows:

(A) Within a city having a population of one million or more the local housing agency may adopt rules and regulations providing that new multiple dwellings, except hotels, shall be exempt from taxation for local purposes, other than assessments for local improvements, for the tax year or years immediately following taxable status dates occurring subsequent to the commencement and prior to the completion of construction, but not to exceed three such tax years, [except for new multiple dwellings the construction of which commenced between January first, two thousand seven, and June thirtieth, two thousand nine, shall have an additional thirty-six months to complete construction and shall be eligible for full exemption from taxation for the first three years of the period of construction; any eligible project that seeks to utilize the six-year period of construction authorized by this section must apply for a preliminary certificate of eligibility within one year of the effective date of the rent act of 2011, provided, however that

such multiple dwellings shall be eligible for a maximum of three years of benefits during the construction period,] and shall continue to be exempt from such taxation in tax years immediately following the taxable status date first occurring after the expiration of the exemption herein conferred during such construction so long as used at the completion of construction for dwelling purposes for a period not to exceed twenty-five years in the aggregate, provided that the area in which the project is situated is a neighborhood preservation program area as determined by the local housing agency as of June first, nineteen hundred eighty-five, or is a neighborhood preservation area as determined by the New York city planning commission as of June first, nineteen hundred eighty-five, or is an area that was eligible for mortgage insurance provided by the rehabilitation mortgage insurance corporation as of May first, nineteen hundred ninety-two or is an area receiving funding for a neighborhood preservation project pursuant to the neighborhood reinvestment corporation act (42 U.S.C. SS180 et seq.) as of June first, nineteen hundred eighty-five, as follows:

a. except as otherwise provided herein there shall be full exemption from taxation during the period of construction or the period of three years immediately following commencement of construction, whichever expires sooner, [except for new multiple dwellings the construction of which commenced between January first, two thousand seven, and June thirtieth, two thousand nine, shall have an additional thirty-six months to complete construction and shall be eligible for full exemption from taxation for the first three years of the period of construction; any eligible project that seeks to utilize the six-year period of construction authorized by this section must apply for a preliminary certificate of eligibility within one year of the effective date of the rent act of 2011, provided, however that such multiple dwellings shall be eligible for a maximum of three years of benefits during the construction period,] and for twenty-one years following such period;

b. followed by one year of exemption from eighty percent of such taxation;

c. followed by one year of exemption from sixty percent of such taxation;

d. followed by one year of exemption from forty percent of such taxation;

e. followed by one year of exemption from twenty percent of such taxation.

S 7. Severability clause. If any clause, sentence, paragraph, subdivision, section or subpart of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or subpart thereof directly involved in the controversy in which such judgment shall have been rendered. It is hereby declared to be the intent of the legislature that this act would have been enacted even if such invalid provisions had not been included herein.

S 8. This act shall take effect immediately, provided, however, that the provisions of section one of this act shall be deemed to have been in full force and effect on and after July 1, 2010; and provided further, however, that the provisions of section three of this act shall be deemed to have been in full force and effect on and after December 31, 2007; and provided further, however, that the provisions of sections four, five and six of this act shall be deemed to have been in full force and effect on and after December 28, 2010; and provided that, with

respect to any application for a preliminary certificate of eligibility that is filed no later than June 24, 2012, or that is filed for a project that was the subject of mortgage foreclosure proceedings or other lien enforcement litigation by a lender on or before June 24, 2012, such project shall be subject to that portion of the definition of "commence" contained in item (1) of clause (iv) of subparagraph (2) of paragraph (b) of subdivision (a) of section 6-09 of title twenty-eight of the rules of the city of New York.