STATE OF NEW YORK

6326--A

2021-2022 Regular Sessions

IN SENATE

April 21, 2021

Introduced by Sens. BROUK, KAVANAGH -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the real property tax law, in relation to tax exemptions for community land trusts and income-restricted homeownership properties

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

Section 1. Section 420-a of the real property tax law is amended by adding a new subdivision 17 to read as follows:

17. Other than in a city having a population of one million or more, any land owned by a community land trust and separately assessed improvements owned by the residents thereof, shall be exempt from local real property taxation and exempt from special ad valorem levies and special assessments to the extent provided in section four hundred ninety of this article.

(a) For the purposes of this subdivision, "community land trust" shall mean a corporation organized pursuant to the not-for-profit corporation law and exempt from taxation pursuant to section 501(c)(3) of the internal revenue code that satisfies the following criteria:

(i) such nonprofit corporation's purpose is the creation and maintenance of permanently affordable single-family or multi-family residences;

(ii) all dwellings and units located on land owned by such nonprofit corporation is sold to a qualified owner to be occupied as the qualified owner's primary residence or rented to persons or families of low income; and

(iii) any lease with the owner of a single-family home or multi-family residence shall be for an initial term of ninety-nine years with renewal rights under the same initial terms and conditions.

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

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(b) Failure to comply with the provisions of this subdivision that require the development and preservation of permanently affordable single-family or multi-family residences for persons or families of low income at any time during the duration of the exemption shall result in revocation of any exemption under this subdivision for the period of such non-compliance. If an ongoing pattern of non-compliance is found to exist, such exemption may be revoked from its inception.

(c) Enforcement of this subdivision shall be in addition to any other provisions contained in this chapter or any other law.

(d) The revocation of an exemption authorized by this subdivision shall not exempt a community land trust from continued compliance with the requirements of this subdivision.

§ 2. Section 422 of the real property tax law is amended by adding two new subdivisions 3 and 4 to read as follows:

3. Exemption of income-restricted homeownership property in a municipality with a population of less than one million. Income-restricted homeownership property, including but not limited to a single or two-family home or multi-family residence, which is owned by and operated exclusively for the benefit of persons or families of low income as defined in subdivision nineteen of section two of the private housing finance law that is subject to a ground lease with a ninety-nine year renewable term with a community land trust as defined in paragraph (a) of subdivision seventeen of section four hundred twenty-a of this title, which is not otherwise fully exempt from taxation, shall be assessed based upon the resale and rent restrictions set forth in the ground lease when determining the taxable value of such income-restricted homeownership property. Notwithstanding the provisions of this subdivision, any local assessor that currently employs a method of property assessment and taxation for any income-restricted homeownership property as of the effective date of the chapter of the laws of two thousand twenty-one that added this subdivision that would result in a lesser tax burden for such income-restricted homeowner may continue to employ such method as if fully authorized by this subdivision.

4. Exemption from local real property taxation in a city having a population of one million or more for certain low-income housing accommodations. (a) Eligible real property in a city having a population of one million or more shall be exempt from local real property taxation except as may be otherwise provided in the regulatory agreement of such eligible real property. Such exemption from local real property taxation shall commence as of the effective date of the regulatory agreement. Upon a default under the regulatory agreement or non-compliance with this subdivision, the agency may suspend, reduce, terminate or revoke such exemption, with respect to all or a portion of such eligible real property as of the date of such default or non-compliance, unless such default or non-compliance is cured within the time period specified for any such cure under such regulatory agreement.

(b) For the purposes of this subdivision, the following terms shall have the following meanings:

(1) The term "agency" shall mean the department of housing preservation and development.

(2) The term "community land trust" shall mean a corporation organized pursuant to the not-for-profit corporation law for the purpose of developing and/or preserving housing accommodations that serve persons and families of low income through its ownership and stewardship of the land beneath such housing accommodations.

(3) The term "eligible entity" shall mean a corporation (i) that is a housing development fund company formed pursuant to article eleven of the private housing finance law and section four hundred two of the not-for-profit corporation law and (ii) the certificate of incorporation of which requires such housing development fund company to operate solely as a community land trust.

(4) The term "eligible real property" shall mean real property that provides housing accommodations for persons and families of low income pursuant to a regulatory agreement, provided that the land portion of such real property is owned by an eligible entity.

(5) The term "persons and families of low income" shall have the meaning set forth in subdivision nineteen of section two of the private housing finance law.

(6) The term "regulatory agreement" shall mean a regulatory agreement with or approved by the agency that (i) is executed or approved after the effective date of this subdivision, (ii) requires the provision of housing accommodations for persons and families of low income, (iii) is recorded against the eligible real property, (iv) binds all parties in interest to such eligible real property and their respective successors and assigns and (v) includes such other terms and conditions as the agency shall determine, including, but not limited to, provisions requiring payments in lieu of taxes, for the purpose of developing and/or preserving housing accommodations that serve persons and families of low income.

§ 3. This act shall take effect immediately and shall apply to all assessment rolls published after the date this act shall have become a law.