

STATE OF NEW YORK

10694

IN ASSEMBLY

August 28, 2024

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Carroll) --
read once and referred to the Committee on Real Property Taxation

AN ACT to amend the real property tax law, in relation to enacting the
"New York city arts space 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 "New York city arts space act".

3 § 2. Section 467-m of the real property tax law is amended by adding a
4 new subdivision 4-a to read as follows:

5 4-a. Affordable arts space benefits and requirements. a. For the
6 purposes of this subdivision, the following terms shall have the follow-
7 ing meanings:

8 (i) "Affordable arts space" shall mean a space rented or leased by an
9 eligible arts organization for use as studio, rehearsal, performance
10 space, or arts or cultural programming open to the general public in an
11 eligible multiple dwelling; and

12 (ii) "Eligible arts organization" shall mean a nonprofit organization
13 either incorporated in or registered to do business in the state of New
14 York or an organization located in the state of New York and recognized
15 as tax-exempt under section 501 (c) (3) of the United States internal
16 revenue code.

17 b. An affordable arts space shall meet the following requirements:

18 (i) have a maximum two percent of the aggregate floor area in eligible
19 multiple dwellings and up to fifty percent of such space may be cellar
20 space as defined by a city of New York zoning resolution;

21 (ii) when an eligible arts organization subleases an affordable arts
22 space to an organization that is not an eligible arts organization such
23 rents shall comply with requirements of this subdivision. Such non-eli-
24 gible organizations shall be either incorporated in or registered to do
25 business and such non-eligible organizations shall be located in the
26 state of New York;

27 (iii) be rented at a rate of no more than twenty dollars per square
28 foot per year and the base rent shall be adjusted at a rate not to

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

LBD15998-02-4

1 exceed three percent per year for the term of the arts space restriction
2 period;

3 (iv) the owner of an eligible building prior to entering into a lease
4 or rental agreement with an eligible arts organization shall ensure that
5 such affordable arts space meets the conditions necessary to receive a
6 temporary certificate of occupancy as defined in the administrative code
7 of the city of New York;

8 (v) if the term of the lease or rental agreement entered into by the
9 property owner and an eligible arts organization is less than the bene-
10 fit period, the base rent for the subsequent tenant shall be equivalent
11 to the base rent of the initial tenant as adjusted annually from the
12 start date of the initial lease at a rate of no more than three percent
13 per year; and

14 (vi) any lease or rental agreement entered into by the property owner
15 of an eligible building and an eligible arts organization in addition to
16 being subject to the requirements of this subdivision shall be subject
17 to any other laws, rules, and regulations of the city of New York.

18 c. An affordable arts space shall be entitled to the following bene-
19 fits:

20 (i) for eligible buildings with rental agreements entered into with
21 eligible arts organizations, for every one dollar per square foot per
22 year of rent less than the twenty dollar per square foot maximum per
23 year, the thirty-five year benefit as defined in this section shall be
24 increased by one percent for the first thirty years of the restriction
25 period and one and one-half percent for subsequent years of the
26 restriction period;

27 (ii) for eligible buildings with rental agreements for affordable arts
28 space, for every one dollar per square foot per year of rent less than
29 the twenty dollar per square foot maximum per year, the twenty-five year
30 benefit as defined in this section shall be increased by one percent for
31 the first twenty years of the restriction period and one and a half
32 percent for subsequent years of the restriction period;

33 (iii) for eligible buildings with rental agreements for affordable
34 arts space, for every one dollar per square foot per year of rent less
35 than the twenty dollar per square foot maximum per year, the thirty-five
36 year benefit, the thirty-year benefit, and the twenty-five year benefit
37 shall be extended by six months at the previous year's exemption amount
38 up to five additional years; and

39 (iv) for eligible buildings with rental agreements for affordable arts
40 space rented below ten dollars per square foot per year, the building
41 shall qualify for an exemption from real property taxes of one hundred
42 percent in years one through five of the restriction period if the owner
43 of the eligible building provides a tenant improvement allowance of
44 fifty dollars per square foot and an exemption from real property taxes
45 of one hundred percent in years one through ten if the owner of the
46 eligible building provides a tenant improvement allowance of one hundred
47 dollars per square foot.

48 d. A rental agreement for affordable arts space shall be entered into
49 within one year of an eligible building receiving a temporary certif-
50 icate of occupancy for the residential space of the building. Benefits
51 under this subdivision shall be retroactive to the completion date
52 provided all other requirements of this subdivision are met.

53 e. An eligible multiple dwelling shall comply with the requirements
54 for affordable arts space as defined by this section for the arts space
55 restriction period.

1 f. The arts space restriction period shall be the length of the bene-
2 fit as defined in this section, notwithstanding any earlier termination
3 or revocation of AHCC program benefits.

4 § 3. Subdivision 5 of section 467-m of the real property tax law, as
5 added by section 2 of part R of chapter 56 of the laws of 2024, is
6 amended to read as follows:

7 5. Application of benefit. Based on the certification of the agency
8 certifying eligibility for AHCC program benefits, the department of
9 finance shall determine the amount of the exemption pursuant to subdivi-
10 sions two [~~and~~], four and four-a of this section and shall apply the
11 exemption to the assessed value of the eligible multiple dwelling.

12 § 4. This act shall take effect immediately.