

# STATE OF NEW YORK

5342--A

2023-2024 Regular Sessions

## IN ASSEMBLY

March 7, 2023

Introduced by M. of A. EPSTEIN, BURDICK -- read once and referred to the Committee on Housing -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the real property law, in relation to establishing an accessory dwelling unit incentive program; to amend the executive law, in relation to including an accessory dwelling unit in the term housing accommodations in the human rights law; and to amend the real property tax law, in relation to providing a tax exemption on the increase in value of property resulting from the addition of an accessory dwelling unit

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

1 Section 1. The real property law is amended by adding a new article 16  
2 to read as follows:

### ARTICLE 16

#### ACCESSORY DWELLING UNITS

##### Section 480. Definitions.

481. Accessory dwelling unit incentive program and local laws.

482. Low- and moderate-income homeowners program.

§ 480. Definitions. As used in this article, unless the context otherwise requires, the following terms shall have the following meanings:

1. "Accessory dwelling unit" shall mean an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons which is located on a lot with a proposed or existing primary residence and shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same lot as the single-family or multi-family dwelling.

2. "Local government" shall mean a city, town or village.

3. "Low-income homeowners" shall mean homeowners with an income, adjusted for family size, not exceeding eighty percent of the area median income.

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

LBD09847-04-3

1 4. "Moderate-income homeowners" shall mean homeowners with an income,  
2 adjusted for family size, not exceeding one hundred twenty percent of  
3 the area median income as defined by the division.

4 5. "Nonconforming zoning condition" shall mean a physical improvement  
5 on a property that does not conform with current zoning standards.

6 6. "Proposed dwelling" shall mean a dwelling that is the subject of a  
7 permit application and that meets the requirements for permitting.

8 7. "Division" shall mean the New York state division of housing and  
9 community renewal.

10 § 481. Accessory dwelling unit incentive program and local laws. 1.  
11 Within one hundred eighty days of the effective date of this article,  
12 the division shall establish an opt-in program for local governments who  
13 already have or who enact a local law or ordinance that meets the  
14 requirements of subdivision two of this section which encourages the  
15 creation of accessory dwelling units. A local government shall have five  
16 years from the date such program is established to enact such local law  
17 or ordinance to qualify for the program.

18 2. (a) To qualify for the program established pursuant to subdivision  
19 one of this section, a local law or ordinance shall:

20 (i) Designate areas within the jurisdiction of the local government  
21 where accessory dwelling units shall be permitted. Designated areas  
22 shall include all areas zoned for single-family or multi-family residen-  
23 tial use, and all lots with an existing residential use.

24 (ii) Provide for protections for existing illegal accessory dwelling  
25 units to aid in the conversion of such units to become legal and in  
26 compliance with state and local regulations, including but not limited  
27 to: (1) a mechanism for the conversion of an illegal accessory dwelling  
28 unit to be a legal unit, provided such unit is in compliance with all  
29 applicable fire and safety codes; and (2) protections for tenants of  
30 illegal accessory dwelling units from unreasonable rent increases.

31 (iii) Provide for a streamlined approval process involving no more  
32 than one meeting with the applicable approving authority, and limiting  
33 the cost of any necessary applications and permits to a total of five  
34 hundred dollars.

35 (iv) Provide that sewer and septic hookups shall be governed under the  
36 applicable existing local requirements.

37 (b) A qualifying local law or ordinance may:

38 (i) Require owner occupancy in either the primary or accessory dwell-  
39 ing unit.

40 (ii) Set a minimum lease duration for accessory dwelling units.

41 (iii) Limit the total build out to the existing allowable square-foot-  
42 under-floor ratio and lot coverage, consistent with existing setback for  
43 other accessory uses.

44 (iv) Set minimum or maximum size limits for an accessory dwelling  
45 unit.

46 (c) To qualify for the program established pursuant to subdivision one  
47 of this section, a local law or ordinance shall not:

48 (i) Impose an off-street parking requirement on an accessory dwelling  
49 unit, except where no adjacent public street permits year-round  
50 on-street parking and the accessory dwelling unit is greater than one-  
51 half mile from a subway stop, rail station or bus stop. For purposes of  
52 this subparagraph, an adjacent public street shall be considered as  
53 permitting year-round on-street parking notwithstanding rules that  
54 prohibit parking during limited hours or on certain days of the week.

55 (ii) Impose undue or unnecessary fire and safety codes on accessory  
56 dwelling units.

1 (iii) Require more than one point of exterior access by door to an  
2 accessory dwelling unit.

3 3. To opt-in to the program established pursuant to subdivision one of  
4 this section a local government shall submit a copy of its local law or  
5 ordinance to the division. Within ninety days of receipt of a local  
6 government's law or ordinance, the division shall submit written find-  
7 ings to the local government as to whether the local government's local  
8 law or ordinance qualifies for the program.

9 4. All local governments who opt-in to the program and are determined  
10 by the division to have a qualifying local law or ordinance shall be  
11 eligible for a ten percent increase of points on such local government's  
12 consolidated funding application, a ten percent increase in aid and  
13 incentives for municipalities and aid and incentives for municipalities  
14 related payments, increased eligibility for individual infrastructure,  
15 transportation, parks, and economic development grants.

16 § 482. Low- and moderate-income homeowners program. 1. Within one  
17 hundred eighty days of the effective date of this article, the division  
18 shall establish a lending program to assist low-income homeowners and  
19 moderate-income homeowners in securing financing for the creation of  
20 accessory dwelling units.

21 2. An accessory dwelling unit financed with the assistance of such  
22 program shall, if such assistance is in the form of a forgivable grant  
23 at a below-market rate for a period of no less than thirty years and if  
24 any such assistance is in the form of a repayable loan, be offered for  
25 rent at a below-market rate for a period of fifteen years.

26 3. Such program shall be funded through capital projects appropri-  
27 ations and reappropriations set forth in the state fiscal year housing  
28 program.

29 4. Within one hundred eighty days of the effective date of this arti-  
30 cle, the division shall establish a program to provide technical assist-  
31 ance to all homeowners seeking to create an accessory dwelling unit, and  
32 to protect tenants of accessory dwelling units against discrimination,  
33 unreasonable rent increases and unwarranted evictions.

34 5. An accessory dwelling unit financed with the assistance of such  
35 program shall be limited to an annual maximum rent increase of the lower  
36 of (a) three percent or (b) one and one-half times the annual percentage  
37 change in the consumer price index for the region in which the accessory  
38 dwelling unit is located.

39 6. The division shall promulgate program criteria and guidelines  
40 necessary to carry out such program.

41 § 2. Section 292 of the executive law is amended by adding a new  
42 subdivision 42 to read as follows:

43 42. The term "housing accommodation" as used in this article shall  
44 include an accessory dwelling unit as defined in subdivision one of  
45 section four hundred eighty of the real property law.

46 § 3. Paragraph (a) of subdivision 1 of section 296 of the executive  
47 law, as separately amended by chapters 202 and 748 of the laws of 2022,  
48 is amended to read as follows:

49 (a) For an employer or licensing agency, because of an individual's  
50 age, race, creed, color, national origin, citizenship or immigration  
51 status, sexual orientation, gender identity or expression, military  
52 status, sex, disability, predisposing genetic characteristics, familial  
53 status, marital status, or status as a victim of domestic violence, to  
54 refuse to hire or employ or to bar or to discharge from employment such  
55 individual or to discriminate against such individual in compensation or  
56 in terms, conditions or privileges of employment. In the case of an

1 accessory dwelling unit as defined in subdivision one of section four  
2 hundred eighty of the real property law, the exemption from the  
3 provisions of this paragraph for the rental of a housing accommodation  
4 in a building which contains housing accommodations for not more than  
5 two families living independently of each other, if the owner resides in  
6 one of such accommodations, shall not apply.

7 § 4. The real property tax law is amended by adding a new section  
8 421-p to read as follows:

9 § 421-p. Exemption of capital improvements to residential new  
10 construction involving the creation of accessory dwelling units. 1.  
11 Residential buildings reconstructed, altered, improved, or newly  
12 constructed in order to create one or more additional residential dwell-  
13 ing units on the same parcel as a pre-existing residential building to  
14 provide independent living facilities for one or more persons subsequent  
15 to the effective date of a local law or resolution enacted pursuant to  
16 this section shall be exempt from taxation and special ad valorem levies  
17 to the extent provided hereinafter. After a public hearing, the govern-  
18 ing board of a county, city, town or village may adopt a local law and a  
19 school district, other than a school district subject to article fifty-  
20 two of the education law, may adopt a resolution to grant the exemption  
21 authorized pursuant to this section. A copy of such local law or resol-  
22 ution shall be filed with the commissioner and the assessor of such  
23 county, city, town or village who prepares the assessment roll on which  
24 the taxes of such county, city, town, village or school district are  
25 levied.

26 2. (a) Such buildings shall be exempt for a period of five years to  
27 the extent of one hundred per centum of the increase in assessed value  
28 thereof attributable to such reconstruction, alteration, improvement, or  
29 new construction for such additional residential unit or units that  
30 provide independent living facilities for one or more persons, and for  
31 an additional period of five years subject to the following:

32 (i) The extent of such exemption shall be decreased by twenty-five per  
33 centum of the "exemption base" for each of the first three years during  
34 such additional period and shall be decreased by a further ten per  
35 centum of the "exemption base" during each of the final two years of  
36 such additional period. The exemption shall expire at the end of the  
37 extended period. The "exemption base" shall be the increase in assessed  
38 value as determined in the initial year of the term of the exemption,  
39 except as provided in subparagraph (ii) of this paragraph.

40 (ii) In any year in which a change in level of assessment of fifteen  
41 percent or more is certified for a final assessment roll pursuant to the  
42 rules of the commissioner, the exemption base shall be multiplied by a  
43 fraction, the numerator of which shall be the total assessed value of  
44 the parcel on such final assessment roll (after accounting for any phys-  
45 ical or quantity changes to the parcel since the immediately preceding  
46 assessment roll), and the denominator of which shall be the total  
47 assessed value of the parcel on the immediately preceding final assess-  
48 ment roll. The result shall be the new exemption base. The exemption  
49 shall thereupon be recomputed to take into account the new exemption  
50 base, notwithstanding the fact that the assessor receives certification  
51 of the change in level of assessment after the completion, verification  
52 and filing of the final assessment roll. In the event the assessor does  
53 not have custody of the roll when such certification is received, the  
54 assessor shall certify the recomputed exemption to the local officers  
55 having custody and control of the roll, and such local officers are  
56 hereby directed and authorized to enter the recomputed exemption certi-

1 fied by the assessor on the roll. The assessor shall give written notice  
2 of such recomputed exemption to the property owner, who may, if he or  
3 she believes that the exemption was recomputed incorrectly, apply for a  
4 correction in the manner provided by title three of article five of this  
5 chapter for the correction of clerical errors.

6 (iii) Such exemption shall be limited to two hundred thousand dollars  
7 in increased market value of the property attributable to such recon-  
8 struction, alteration, improvement, or new construction and any increase  
9 in market value greater than such amount shall not be eligible for the  
10 exemption pursuant to this section. For the purposes of this section,  
11 the market value of the reconstruction, alteration, improvement, or new  
12 construction as authorized by subdivision one of this section shall be  
13 equal to the increased assessed value attributable to such recon-  
14 struction, alteration, improvement, or new construction divided by the  
15 class one ratio in a special assessing unit or the most recently estab-  
16 lished state equalization rate or special equalization rate in the  
17 remainder of the state, except where the state equalization rate or  
18 special equalization rate equals or exceeds ninety-five percent, in  
19 which case the increase in assessed value attributable to such recon-  
20 struction, alteration, improvement, or new construction shall be deemed  
21 to equal the market value of such reconstruction, alteration, improve-  
22 ment, or new construction.

23 (b) No such exemption shall be granted for reconstruction, alter-  
24 ations, improvements, or new construction unless:

25 (i) such reconstruction, alteration, improvement, or new construction  
26 was commenced subsequent to the effective date of the local law or  
27 resolution adopted pursuant to subdivision one of this section; and

28 (ii) the value of such reconstruction, alteration, improvement, or new  
29 construction exceeds three thousand dollars; and

30 (iii) such reconstruction, alteration, improvement, or new  
31 construction created one or more additional residential dwelling units  
32 on the same parcel as the pre-existing residential building to provide  
33 independent living facilities for one or more persons.

34 (c) For purposes of this section the terms reconstruction, alteration,  
35 improvement, and new construction shall not include ordinary maintenance  
36 and repairs.

37 3. Such exemption shall be granted only upon application by the owner  
38 of such building on a form prescribed by the commissioner. The applica-  
39 tion shall be filed with the assessor of the city, town, village or  
40 county having the power to assess property for taxation on or before the  
41 appropriate taxable status date of such city, town, village or county.

42 4. If satisfied that the applicant is entitled to an exemption pursu-  
43 ant to this section, the assessor shall approve the application and such  
44 building shall thereafter be exempt from taxation and special ad valorem  
45 levies as herein provided commencing with the assessment roll prepared  
46 on the basis of the taxable status date referred to in subdivision three  
47 of this section. The assessed value of any exemption granted pursuant to  
48 this section shall be entered by the assessor on the assessment roll  
49 with the taxable property, with the amount of the exemption shown in a  
50 separate column.

51 5. For the purposes of this section, a residential building shall mean  
52 any building or structure designed and occupied exclusively for residen-  
53 tial purposes by not more than two families.

54 6. In the event that a building granted an exemption pursuant to this  
55 section ceases to be used primarily for residential purposes, or title

1 thereto is transferred to other than the heirs or distributees of the  
2 owner, the exemption granted pursuant to this section shall cease.

3 7. (a) A county, city, town or village may, by its local law, or  
4 school district, by its resolution:

5 (i) reduce the per centum of exemption otherwise allowed pursuant to  
6 this section; and

7 (ii) limit eligibility for the exemption to those forms of recon-  
8 struction, alterations, improvements, or new construction as are  
9 prescribed in such local law or resolution.

10 (b) No such local law or resolution shall repeal an exemption granted  
11 pursuant to this section until the expiration of the period for which  
12 such exemption was granted.

13 § 5. This act shall take effect immediately; provided however, that  
14 section four of this act shall apply to assessment rolls based on taxa-  
15 ble status dates occurring on or after such effective date.