

STATE OF NEW YORK

9950

IN SENATE

November 20, 2024

Introduced by Sen. JACKSON -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the private housing finance law, in relation to enacting the housing development fund company self-determination, preservation and affordability 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 "housing development fund company self-determination, preservation
3 and affordability act".

4 § 2. Legislative findings and declarations. 1. In 1966, the Legisla-
5 ture enacted Article 11 of the private housing finance law. Article 11
6 authorized the development of rental and cooperative housing that is
7 subject to certain income restrictions. The type of income-restricted
8 housing is referred to as housing development fund companies (HDFCs).

9 2. Beginning in the early 1980s, New York city adopted the HDFC form
10 of housing cooperative as a means to divest itself of -- and revitalize
11 -- its tax-foreclosed multi-family housing stock. At the time the city
12 was experiencing large-scale abandonment of its private low and middle-
13 income multi-family housing stock. In response to this housing crisis,
14 the city determined to turn over the ownership and management of many
15 city-owned tax-foreclosed multifamily buildings to the existing tenants
16 in the form of HDFC co-ops.

17 3. Previously, the city sold at auction nearly all of its tax-forec-
18 losed multi-family property to private investors - and that traditional
19 approach to disposing of tax foreclosed property had led to an acceler-
20 ating cycle of housing disinvestment and abandonment. The city's HDFC
21 initiative was in the city's own interests: it enabled the city to avoid
22 the counterproductive private auction process and to return the build-
23 ings to the tax rolls.

24 4. Over the past four decades the city's HDFC initiative proved to be
25 one of New York's most enduring housing success stories. Tens of thou-
26 sands of resident-shareholders of HDFCs played an important role in the
27 stabilization and preservation of New York city's multi-family housing

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

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1 stock in the period following the city's fiscal crisis of the 1970s and
2 1980s. The city's large-scale creation of HDFC co-ops was a major policy
3 innovation and was an important part of the city's response to the hous-
4 ing crisis of that era. Today, there are over 1,100 HDFC co-ops in New
5 York city.

6 5. All government and community stakeholders benefitted from the
7 large-scale creation of HDFCs. The city benefitted by reducing its enor-
8 mous portfolio of tax-foreclosed apartment buildings at a time when the
9 buildings were a substantial burden to the city and when there was
10 little in the way of a private market for these properties. The resi-
11 dents benefitted by the preservation and upgrading of their own build-
12 ings and by becoming homeowners for the first time. And the surrounding
13 communities benefitted by the stabilization of the neighborhood, the
14 upgrading of housing and by the transformation of a rental community
15 into a homeownership community.

16 6. When the city imposed regulatory controls on the city-sponsored
17 HDFCs, the regulatory controls placed on HDFCs were time-limited.
18 Consequently, the HDFCs that were created in the 1980s and 1990s have
19 regulatory controls that already have expired or will soon expire. For
20 this class of HDFCs, there is a great deal of uncertainty as to their
21 legal status and their financial future.

22 7. This legislation clarifies the legal status of HDFCs with expired
23 regulatory controls in a way that protects and promotes their autonomy
24 and self-governance while strengthening the inducements for these HDFCs
25 to voluntarily agree to continue to operate as affordable housing.

26 8. An important feature of city-sponsored HDFCs is the city's use of
27 its authority to enter into a "regulatory agreement" with the HDFC.
28 Under section 576 of the private housing finance law, either the state
29 or the municipal "supervisory agency" (i.e., HPD) may enter into a regu-
30 latory agreement with an HDFC if the agency advances public funds to the
31 HDFC. Under such section of the private housing finance law, every HDFC
32 regulatory agreement must provide that:

33 (1) Households must meet income eligibility guidelines, which are
34 defined by statute as six times the annual rent plus six percent of the
35 shareholder's "original investment" in the HDFC. See paragraph b of
36 subdivision 1 of section 576 of the private housing finance law.

37 (2) Profits must be used only for capital improvements or to reduce
38 rent/maintenance. Dividends cannot be paid to owners. See paragraphs c
39 and d of subdivision 1 of section 576 of the private housing finance
40 law.

41 (3) The property may not be sold or transferred without HPD approval
42 for so long as the regulatory agreement remains in effect and/or unless
43 and until any funds or mortgages owed to the city are paid in full. See
44 paragraph e of subdivision 1 of section 576 of the private housing
45 finance law.

46 (4) The HDFC may not be dissolved without HPD approval for so long as
47 the regulatory agreement remains in effect and/or unless and until any
48 funds or mortgages owed to the city are paid in full. See paragraph e of
49 subdivision 1 of section 576 of the private housing finance law.

50 9. Thus, under section 576 of the private housing finance law certain
51 key restrictions remains in effect only for so long as a regulatory
52 agreement remains in effect. Put differently, the city's authority to
53 impose section 576 restrictions (including restrictions on dissolution
54 of HDFCs and on the sale and disposition of HDFC property) is limited to
55 only those HDFCs that are subject to a regulatory agreement and does not

1 extend to HDFCs in which a regulatory agreement or mortgage is no longer
2 in effect.

3 10. The city applied its section 576 authority to HDFCs in two ways:
4 i.e. (1) some of the terms of the section 576 "regulatory agreement"
5 were incorporated into various HDFC incorporation documents and in the
6 deed conveying title to the property; and (2) a regulatory agreement was
7 incorporated into mortgage documents when the city made loans to HDFCs
8 to finance capital improvements. In each case the city imposed resale
9 restrictions that had a fixed term. At the inception of the HDFC program
10 in the early 1980s, city-sponsored resale restrictions imposed by the
11 sale documents expired in ten years. By the late 1980s, city-sponsored
12 resale restrictions imposed by the sale documents ran for 25 years.
13 Furthermore, resale restrictions that were made a part of city-sponsored
14 rehabilitation loans to HDFCs ran for the life of the loan -- i.e.,
15 usually 15 to 25 years.

16 11. Thus, the city used section 576 of the private housing finance law
17 as a means to impose additional terms and conditions (including resale
18 restrictions) on the operation of the HDFC for a fixed term following
19 the establishment of the housing cooperative or during the life of a
20 city-sponsored loan to the HDFC. For the vast majority of HDFCs, these
21 restrictions have expired.

22 12. There are presently over 1,100 HDFCs in New York city containing
23 approximately 25,000 apartments. Of these HDFCs, approximately 20
24 percent are subject to regulatory agreements. A substantial number of
25 non-regulated HDFCs date from the 1980s and 1990s. These older HDFCs are
26 no longer subject to city resale restrictions that expired after either
27 ten years or 25 years following the incorporation of the HDFCs.

28 13. For as long as a particular city-imposed resale restrictions
29 remained in effect, an HDFC is subject to a detailed scheme of regu-
30 lations imposed by the city pursuant to section 576 of the private hous-
31 ing finance law. In general, HPD resale restrictions govern such impor-
32 tant issues of HDFC governance as income limitations for purchasers,
33 succession rights, sublet rights, flip taxes, HPD consent as a precondition
34 to the sale of an HDFC building and HPD consent to the dissolution
35 of an HDFC. Upon the expiration of the city-imposed restrictions, the
36 HDFC is no longer subject to these externally imposed regulations.

37 14. An HDFC with expired regulatory controls nevertheless remains
38 subject to Article 11 of the private housing finance law as well as to
39 various governing documents, such as its certificate of incorporation,
40 deed restrictions, proprietary lease and by-laws. Most importantly, an
41 HDFC is required to provide housing for "persons of low income," as
42 defined in paragraph a of subdivision 3 of section 573 of the private
43 housing finance law. However, once an HDFC regulatory agreement or other
44 HPD-imposed income restriction has expired, nothing in the private hous-
45 ing finance law expressly precludes these HDFC co-ops from converting to
46 a non-HDFC co-op by reincorporating as a conventional co-op (and thereby
47 opting out of the remaining statutory restrictions imposed by the
48 private housing finance law). That circumstance raised the possibility
49 that some HDFCs may opt-out of the HDFC statute and become market-rate
50 housing - which would represent a loss to the city's inventory of
51 affordable housing stock.

52 15. A city-established HDFC is eligible to receive a partial real
53 estate tax exemption granted by the city pursuant to section 577 of the
54 private housing finance law. Pursuant to this authority, the city in
55 1989 enacted a partial tax exemption for most city-sponsored HDFCs. The

1 tax exemption is generally referred to as the "Division of Alternative
2 Management Programs" tax exemption, or "DAMP tax exemption".

3 16. The tax exemption runs for forty years and will expire in 2029. A
4 condition of the DAMP tax exemption is that the HDFC remain an HDFC for
5 the duration of the tax exemption. Hence, an HDFC that opt-outs of the
6 HDFC statute and become market-rate housing would be required to forfeit
7 the DAMP tax exemption.

8 17. The city in 2017 proposed local legislation that would revoke the
9 DAMP tax exemption from any HDFC that declined to sign a new regulatory
10 agreement with HPD. The proposed new regulatory agreement would contain
11 many provisions that would largely deprive HDFCs of autonomy and self-
12 determination, including the imposition of external fiscal monitors paid
13 for by HDFC income, new restriction on apartment sales and subletting,
14 and limitations on the assets and other real property owned by HDFC
15 shareholders. By 2019 the city abandoned the proposed legislation in the
16 face of widespread opposition by HDFC community groups and other stake-
17 holders.

18 18. Also in 2017, the city proposed new state legislation that would
19 re-regulate HDFCs and that would change the law to ensure that all HDFCs
20 remain subject to affordability controls in perpetuity. See S2543 (2017)
21 (proposed amendment to the private housing finance law). As stated in
22 the city's memorandum in support of S2543:

23 "(T)here is a great need for an amendment to clarify that the corpo-
24 rate purpose of an HDFC -- to provide affordable housing to persons and
25 families of low income -- is perpetual in duration. Absent the checks
26 and balances provided by the (proposed amendment to private housing
27 finance law, which would subject HDFCs for the time to the requirements
28 of the not-for-profit corporation law), there may be a great loss of
29 affordable housing."

30 19. Thus, the city expressly acknowledged that, under existing law,
31 HDFCs with expired regulatory agreements have the option of remaining as
32 an HDFC or, in the alternative, the option of converting to another form
33 of housing cooperative without affordability controls. S2453 was
34 intended to eliminate the second option. Ultimately, S2453 was not
35 enacted and the statutory law governing HDFCs remains unchanged.

36 20. Contrary to the city's 2017 statement, the New York Attorney
37 General issued an opinion in 2015 to the effect that HDFC cooperatives
38 could never opt-out of the PHFL and that they were subject to the
39 perpetual regulation of the HPD Commissioner. See New York Attorney
40 General, "Guidance on Housing Development Fund Corporations Seeking to
41 Transfer or Sell Property for, or Otherwise Convert Property to Market-
42 Rate Use" (hereafter "Guidance"). HPD joined in the Guidance. The Attor-
43 ney General reached this conclusion based on his determination that the
44 statutory term "amendment" - as used in subdivision 5 of section 573 of
45 the private housing finance law - encompassed and implied the commis-
46 sioner's additional authority to consent to the dissolution of an HDFC.
47 The Attorney General's Guidance is incorrect as a matter of law, in that
48 it misconstrues the plain text of the HDFC statute as well as ignores
49 the distinct treatment of the concepts of "amendment" and "dissolution"
50 in other New York corporate law settings, including the business corpo-
51 ration law.

52 21. Consistent with the city's 2017 statement, HDFCs always have had
53 the right under the private housing finance law -- and continue to have
54 the right under the private housing finance law -- to dissolve and rein-
55 corporate under the business corporation law or other applicable law,
56 provided that the housing development fund company: (1) was formerly

1 subject to a regulatory agreement but such regulatory agreement has
2 expired and/or was formerly subject to contractual restrictions imple-
3 menting the requirements of section 576 of the private housing finance
4 law but that such contractual restrictions have expired; and (2) had
5 formerly received a tax exemption under section 577 of the private hous-
6 ing finance law but such tax exemption either has expired or is other-
7 wise no longer being received.

8 22. This legislation squarely addresses the legal uncertainty that
9 threatens the future of many city-sponsored HDFCs. More particularly,
10 this legislation has three overriding goals: (1) to protect and promote
11 the self-determination of HDFC co-ops; (2) to provide strong incentives
12 for HDFC co-ops with expired controls to agree to remain as affordable
13 housing; and (3) to ensure that the HDFC co-ops that agree to remain as
14 affordable housing are in sound condition and are economically self-suf-
15 ficient. These three overriding objectives are complementary.

16 23. The current HDFC tax exemption for most city-sponsored HDFCs
17 co-ops is scheduled to expire in 2029. Already, many financial insti-
18 tutions have indicated a reluctance to lend to HDFCs in light of the
19 financial uncertainty associated with the scheduled expiration of the
20 HDFC tax exemption in five years. This legislation will eliminate this
21 uncertainty by providing a permanent tax incentive for HDFCs.

22 24. Currently, HDFC co-ops receive a partial tax exemption - known as
23 "the DAMP tax benefit". The DAMP tax benefit takes the form of a cap on
24 assessed valuation per dwelling unit - currently \$12,542. As previously
25 noted, this legislation removes the sunseting of the DAMP tax exemption
26 and makes the tax exemption permanent. Furthermore, the legislation
27 allows HDFC co-ops to receive the greater of the DAMP tax exemption or
28 twice the tax abatement that most market-rate co-ops presently currently
29 receive under section 467-a of the real property tax law (but which HDFC
30 co-ops presently are ineligible to receive). This increased tax benefit
31 to HDFCs is a recognition that income-restricted HDFC co-ops are enti-
32 tled to greater benefits than market-rate co-ops. This increased tax
33 benefit is a vital means to promote and protect housing affordability
34 and to provide financial stability to HDFCs. The benefit also is
35 intended as an inducement for current HDFC co-ops (with expired regula-
36 tory controls) to make a long-term commitment to remain as income-res-
37 tricted HDFCs - rather than exercising their right to reincorporate as
38 another form of housing cooperative that is not subject to income
39 restrictions.

40 25. This legislation also establishes a mechanism to ensure that HDFCs
41 that receive the tax benefit comply with the new affordability require-
42 ments. As a condition of the continuing receipt of the tax benefit, each
43 HDFC is required to file an annual certification stating that it has
44 complied with the affordability requirements. HPD is authorized to
45 review and audit the sales records of the HDFC in order to ensure
46 compliance with these requirements. Furthermore, HPD has the right to
47 suspend or revoke the tax exemption and tax abatement if HPD determines
48 that HDFC has willfully not complied with the affordability require-
49 ments.

50 26. For the vast majority of HDFC co-ops, the proposed enhanced real
51 estate tax benefit -- together with the availability of below-market
52 interest financing available through HPD -- would be sufficient to
53 ensure both affordability and fiscal stability. However, for perhaps 10
54 to 20 percent of HDFCs -- which are in fair to poor financial condition
55 - something more is needed. In recognition of this special need of
56 economically distressed HDFCs, the legislation extends the authority of

1 the city of New York to offer special tax relief to HDFC co-ops that are
2 in severe fiscal distress and that are in danger of tax foreclosure by
3 reason of unpaid real estate taxes. Such tax relief is conditioned on
4 the HDFC co-op agreeing to enter into a special regulatory agreement in
5 which the city exercises appropriate oversight and monitoring of the
6 HDFC. Current legislation was enacted in 2002 and authorized tax
7 forgiveness only for HDFCs that "(as of) January 1, 2002 had outstanding
8 municipal real estate taxes relating to any period prior to January 1,
9 2001." This baseline year for tax forgiveness (i.e., tax arrears as of
10 2001) has never been updated to a more current tax year. The legislation
11 updates the baseline year so that the city has the flexibility to offer
12 tax forgiveness (in appropriate cases and subject to strict controls set
13 forth in current law) for HDFC co-ops that are at risk of tax foreclo-
14 sure. In this way an economically distressed HDFC co-op is saved from
15 tax foreclosure, and may thereby provide sustainable and affordable
16 housing for years to come. This is critically important - not just for
17 the HDFC shareholders themselves - but also for neighborhood stability.

18 27. In summary, this legislation provides a much needed permanent tax
19 incentive for HDFCs -- as well as targeted tax relief for economically
20 distressed HDFCs. The permanent tax benefit will eliminate the current
21 uncertainty surrounding the expiration of the DAMP tax exemption in 2029
22 - and will thereby ease the availability of mortgage financing for
23 HDFCs. Furthermore, the permanent tax benefit will serve as a strong
24 incentive for HDFCs with expired regulatory controls to affirmatively
25 choose to remain as affordable HDFC housing subject to income
26 restrictions -- consistent with democratic principles of self-gover-
27 nance. This approach is a matter of basic fairness and justice; is
28 consistent with the promises given to HDFCs over the past thirty years;
29 and is in full accord with how all other government-sponsored private
30 housing under the private housing finance law is treated (such as Mitc-
31 hell-Lama housing and Article V redevelopment companies). Most impor-
32 tantly, this approach will ensure the long-term economic viability of
33 affordable HDFC co-ops.

34 § 3. Subdivision 5 of section 573 of the private housing finance law,
35 as amended by chapter 410 of the laws of 1984, is amended to read as
36 follows:

37 5. The secretary of state shall not file the certificate of incorpo-
38 ration of any such corporation or any amendment thereto unless the
39 consent or approval of the commissioner or the supervising agency, as
40 the case may be, is affixed thereon or attached thereto. Consent to the
41 filing of such certificate of incorporation shall be based upon findings
42 by the commissioner or supervising agency as to the character and compe-
43 tence of the sponsor. For purposes of this subdivision, the term
44 "amendment" as applied to such corporation shall mean and include any
45 changes in a certificate of incorporation as authorized in section eight
46 hundred one of the business corporation law but shall not be deemed to
47 include a dissolution of such corporation pursuant to section eight
48 hundred five of the business corporation law. The dissolution of such
49 corporation does not require the consent or approval of the commissioner
50 or the supervising agency. A housing development fund company has the
51 right under this section and section five hundred seventy-six of this
52 article to dissolve and re-incorporate under the business corporation
53 law or other applicable law, provided that the housing development fund
54 company:

55 a. was formerly subject to a regulatory agreement but such regulatory
56 agreement has expired and/or was formerly subject to contractual

1 restrictions implementing the requirements of section five hundred
2 seventy-six of this article but such contractual restrictions have
3 expired; and

4 b. had formerly received a tax exemption and/or tax abatement pursuant
5 to section five hundred seventy-seven of this article and such tax
6 exemption and/or tax abatement has either expired or is otherwise no
7 longer being received.

8 § 4. Section 576 of the private housing finance law is amended by
9 adding a new subdivision 4 to read as follows:

10 4. A housing development fund company that is no longer subject either
11 to a regulatory agreement or to deed restrictions entered into with the
12 commissioner or supervisory agency shall continue to be subject to the
13 oversight of the commissioner or supervisory agency, subject to the
14 limitation set forth in paragraph (d) of subdivision one of section five
15 hundred seventy-seven of this article, provided that the housing devel-
16 opment fund company continues to elect to receive a tax exemption and/or
17 tax abatement pursuant to section five hundred seventy-seven of this
18 article. If such housing development fund company elects not to receive
19 a tax exemption and/or tax abatement pursuant to such section, then it
20 shall cease to be subject to the regulation and oversight of the commis-
21 sioner or supervisory agency.

22 § 5. Subdivision 1 of section 577 of the private housing finance law,
23 as amended by chapter 658 of the laws of 1967, paragraph (a) as amended
24 by chapter 428 of the laws of 1980, paragraph (c) as added by chapter
25 494 of the laws of 1995, and paragraph (d) as added by chapter 73 of the
26 laws of 2009, is amended to read as follows:

27 1. (a) The local legislative body of any municipality in which a
28 project of a housing development fund company is or is to be located may
29 exempt and abate the real property in such project from local and munic-
30 ipal taxes including school taxes, other than assessments for local
31 improvements, to the extent of all or part of the value of the property
32 included in the completed project. The tax exemption and tax abatement
33 shall operate and continue for [~~such period as may be provided by such~~
34 ~~local legislative body, but in no event for a period of more than forty~~
35 ~~years, commencing~~] so long as a housing development fund company remains
36 in compliance with the requirements of this section, and shall commence
37 in each instance from the date on which the benefits of such exemption
38 first became available and effective. The tax exemption and tax abate-
39 ment shall be applied to:

40 (i) newly created housing development fund companies that are subject
41 to regulatory agreement and/or contractual or deed restrictions imposed
42 by the commissioner or supervisory agency;

43 (ii) housing development fund companies that are presently subject to
44 a regulatory agreement and/or contractual or deed restrictions imposed
45 by the commissioner or supervisory agency; and

46 (iii) housing development fund companies that are not presently
47 subject to a regulatory agreement and are not presently subject to
48 contractual or deed restrictions imposed by the commissioner or supervi-
49 sory agency but that agree to the conditions of the tax exemption and
50 tax abatement as hereinafter described in paragraph (b) of this subdivi-
51 sion.

52 (b) In order for a housing development fund company described in
53 subparagraph (iii) of paragraph (a) of this subdivision to be eligible
54 for a tax exemption and tax abatement pursuant to this section, such
55 company shall be required, for so long as it receives such tax exemption
56 and tax abatement, to not approve a sale of an apartment unless the

1 purchaser of the apartment provides satisfactory proof of income and
2 unless the income of the purchaser is no greater than the income limita-
3 tion specified herein. Such income limitation shall be, at the election
4 of the housing development fund company, either (i) the apartment resale
5 requirement of paragraph b of subdivision one of section five hundred
6 seventy-six of this article; or (ii) a requirement that the income of a
7 purchaser of an apartment not exceed one hundred sixty-five percent of
8 the area median income, as determined from time to time by the United
9 States department of housing and urban development. As a condition of
10 the continuing receipt of such tax exemption and tax abatement, the
11 housing development fund company shall file an annual certification with
12 the commissioner or supervisory agency that the company has complied
13 with the requirements of this section. Such certification shall be
14 limited to a listing of apartments sold or transferred in the prior
15 twelve months and a statement that the income of the purchaser or trans-
16 ferree of the apartment complies with the income requirement of this
17 paragraph, except that a transferee who is a member of the transferor's
18 family or household need not comply with such requirement.

19 (c) (i) The commissioner or supervisory agency may review and audit
20 the sales records of a housing development fund company in order to
21 ensure compliance with the requirements of this section. The commission-
22 er or supervisory agency shall have the authority to suspend or revoke
23 the tax exemption and tax abatement applicable to any housing develop-
24 ment fund company, in proportion to the percentage of dwelling units at
25 a housing development fund corporation not in compliance with this
26 section, if the commissioner determines that the company has willfully
27 violated the provisions of this section, so long as the housing develop-
28 ment fund company is provided with prior written notification as to each
29 specific instance of noncompliance and to which dwelling unit such non-
30 compliance is alleged.

31 (ii) A housing development fund company shall have the right to rebut
32 allegations of a willful violation of this section, and also to charge
33 and collect additional monies from any shareholder, including successors
34 and assigns, found by the commissioner or supervisory agency to have
35 willfully not complied with the requirements of this section so as to
36 recover expenses for all losses of tax exemptions and tax abatements and
37 so as to recover all expenses associated with responding to such allega-
38 tions by the commissioner or supervisory agency.

39 (iii) Any annual certification submitted pursuant to this section that
40 has been accepted for filing and that has not been subject to a suspen-
41 sion or revocation action by the commissioner or supervisory agency for
42 a period of five years shall be deemed correct and shall not be subject
43 to further audit or review by the commissioner or supervisory agency.

44 (d) The conditions set forth in paragraph (b) of this subdivision
45 shall be the sole and exclusive conditions governing the eligibility of
46 a housing development fund company described in subparagraph (iii) of
47 paragraph (a) of this subdivision for receipt of the tax exemption and
48 tax abatement authorized in paragraph (e) of this subdivision.

49 (e) For each eligible housing development fund company, the annual
50 amount of the tax exemption and tax abatement authorized pursuant to
51 this section shall be the greater of:

52 (i) twelve thousand five hundred forty-two dollars, equivalent to the
53 cap on assessed value per apartment of fifty thousand dollars in the two
54 thousand twenty-four tax year, and which shall increase by two and a
55 half percent per year in each subsequent tax year; or

1 (ii) the net reduction in real estate taxes resulting from two hundred
2 percent of the tax abatement for housing cooperatives authorized by
3 section four hundred sixty-seven-a of the real property tax law.

4 (f) Where a municipality acts on behalf of another taxing jurisdiction
5 in assessing real property for the purpose of taxation, or in levying
6 taxes therefor, the action of the local legislative body of such munici-
7 pality in granting such tax exemption shall have the effect of exempting
8 the real property in such project from local and municipal taxes includ-
9 ing school taxes, other than assessments for local improvements, levied
10 by or in behalf of both such taxing jurisdictions.

11 [~~e~~] (g) The local legislative body of any municipality may grant an
12 exemption under paragraph (a) of this subdivision to the real property
13 of a project of any entity to which it is authorized to make a loan
14 pursuant to section five hundred seventy-six-c of this article.

15 [~~d~~] (h) In a city having a population of one million or more, within
16 one hundred twenty days following receipt of a written submission from
17 the supervising agency requesting a tax exemption pursuant to paragraph
18 (a) of this subdivision for the real property containing the project of
19 a housing development fund company, the local legislative body shall
20 approve or disapprove by resolution the requested tax exemption. If the
21 local legislative body fails to take such action within one hundred
22 twenty days following receipt of such written submission from such
23 supervising agency, then the tax exemption requested by the supervising
24 agency shall be deemed approved pursuant to paragraph (a) of this subdivi-
25 sion.

26 § 6. Paragraph (b) of subdivision 1 of section 577-b of the private
27 housing finance law, as amended by chapter 225 of the laws of 2004, is
28 amended to read as follows:

29 (b) on January first, two thousand [~~two~~] twenty-four, had outstanding
30 municipal real estate taxes relating to any period prior to January
31 first, two thousand [~~one~~] twenty-three.

32 § 7. This act shall take effect on the first of January next succeed-
33 ing the date on which it shall have become a law.