

STATE OF NEW YORK

5662--A

2025-2026 Regular Sessions

IN SENATE

February 26, 2025

Introduced by Sens. KAVANAGH, FERNANDEZ -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development -- recommitted to the Committee on Housing, Construction and Community Development in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the private housing finance law, in relation to authorizing a reduction of taxes pursuant to shelter rent

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

1 Section 1. Paragraph (a) of subdivision 1 of section 33 of the private
2 housing finance law, as amended by section 1 of part L of chapter 56 of
3 the laws of 2025, is amended to read as follows:

4 (a) Upon the consent of the local legislative body of any municipality
5 in which a project is or is to be located, the real property in a
6 project shall be exempt from local and municipal taxes, other than
7 assessments for local improvements, to the extent of all or part of the
8 value of the property included in such project which represents an
9 increase over the assessed valuation of the real property, both land and
10 improvements, acquired for the project at the time of its acquisition by
11 the limited-profit housing company, provided, however, that the real
12 property in a project acquired for purposes of rehabilitation shall be
13 exempt to the extent of all or part of the value of the property
14 included in such project, and further provided that the amount of such
15 taxes to be paid for projects located or to be located in a municipality
16 with a population of less than one million shall not be less than ten
17 per centum of the annual shelter rent or carrying charges of such
18 project except that for projects located or to be located in a city of a
19 population of one million or more, the amount of such taxes shall not be
20 [~~no more than five per centum of the annual shelter rent or carrying~~
21 ~~charges of the project~~] assessed. Upon the consent of the local legis-

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

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1 lative body of a municipality, other than a city with a population of
2 one million or more, in which the project is located, the amount of such
3 taxes may be further reduced to five per centum or less of the annual
4 shelter rent or carrying charges of the project. Any such granted
5 consent to reduce the amount of such taxes shall expire every ten years.
6 If such authorization is not renewed, the rate of taxation shall revert
7 to the level established before the consent was granted. Shelter rent
8 shall mean the total rents received from the occupants of a project less
9 the cost of providing to the occupants electricity, gas, heat and other
10 utilities. Total rents shall include rent supplements and subsidies
11 received from the federal government, the state or a municipality on
12 behalf of such occupants but shall not include interest reduction
13 payments pursuant to subdivision (a) of section two hundred one of the
14 Federal Housing and Urban Development Act of nineteen hundred sixty-
15 eight. The tax exemption shall operate and continue so long as the mort-
16 gage loans of the company, including any additional mortgage loan the
17 proceeds of which are used primarily for the residential portion of the
18 project, which additional loan is approved by the commissioner or the
19 supervising agency, are outstanding.

20 § 2. Paragraph (c) of subdivision 1 of section 33 of the private hous-
21 ing finance law, as amended by section 2 of part L of chapter 56 of the
22 laws of 2025, is amended to read as follows:

23 (c) Notwithstanding the provisions of paragraphs (a) and (b) of this
24 subdivision, the real property of a state urban development corporation
25 project acquired, owned, constructed, managed or operated by a company
26 incorporated pursuant to the not-for-profit corporation law and this
27 article shall be entitled to all the benefits provided by section four
28 hundred twenty-two of the real property tax law. The real property of a
29 state urban development corporation project, other than a state urban
30 development corporation project acquired, owned, constructed, managed or
31 operated by a company incorporated pursuant to the not-for-profit corpo-
32 ration law and this article, shall be exempt from all local and municip-
33 al taxes, other than assessments for local improvements, to the extent
34 of the value of the property included in such project as represents an
35 increase over the assessed valuation of the real property, both land and
36 improvements, acquired for the project on the date of its acquisition by
37 the limited-profit housing company, provided that the amount of such
38 taxes to be paid for projects located or to be located in a municipality
39 with a population of less than one million shall not be less than ten
40 per centum of the annual shelter rent or carrying charges of such
41 project, as defined in paragraph (a) hereof, except that in a city with
42 a population of one million or more, the amount of such taxes shall not
43 be [~~no more than five per centum of the annual shelter rent or carrying~~
44 ~~charges of the project~~] assessed. Upon the consent of the local legis-
45 lative body of the municipality, other than a city with a population of
46 one million or more, in which the project is located, the amount of such
47 taxes may be further reduced to five per centum or less of the annual
48 shelter rent or carrying charges of the project. Any such granted
49 consent to reduce the amount of such taxes shall expire every ten years.
50 If such authorization is not renewed, the rate of taxation shall revert
51 to the level established before the consent was granted. The tax
52 exemption shall operate and continue so long as the mortgage loans of
53 such limited profit housing company, including any additional mortgage
54 loan the proceeds of which are used primarily for the residential
55 portion of the project, which additional loan is approved by the commis-
56 sioner or the supervising agency, are outstanding and the project is

1 continued to be operated as a limited-profit housing project. If a state
2 urban development corporation project qualifying for tax exemption
3 pursuant to this paragraph is sold, with the approval of the commission-
4 er, to another limited-profit housing company, such successor company
5 shall be entitled to all the benefits of this paragraph. In the event
6 that such sale is to a company incorporated pursuant to the not-for-pro-
7 fit corporation law and this article, such successor company shall be
8 entitled to all the benefits provided by section four hundred twenty-two
9 of the real property tax law.

10 § 3. Paragraph (d) of subdivision 1 of section 33 of the private hous-
11 ing finance law, as amended by section 3 of part L of chapter 56 of the
12 laws of 2025, is amended to read as follows:

13 (d) Notwithstanding the provisions of paragraphs (a) and (b) of this
14 subdivision, when a project is financed with a mortgage loan pursuant to
15 this article or article three of this chapter and (i) there is a partic-
16 ipation, new loan or investment pursuant to section twenty-three-b of
17 this article or (ii) such mortgage loan is assigned, modified or satis-
18 fied pursuant to section twenty-three-a or forty-four-b or subdivision
19 twenty-two-a of section six hundred fifty-four of this chapter, the real
20 property of the project shall be exempt from all local and municipal
21 taxes, other than assessments for local improvements, to the extent of
22 the value of the real property included in such project which represents
23 an increase over the assessed valuation of the real property, both land
24 and improvements, acquired for the project on the date of its original
25 acquisition for the project by the original mortgagor under a mortgage
26 loan pursuant to this article or article three of this chapter, provided
27 that the amount of taxes to be paid on the project for projects located
28 or to be located in a municipality with a population of less than one
29 million shall not be less than ten per centum of the annual shelter rent
30 or carrying charges of such project, as defined in paragraph (a) of this
31 subdivision, except that in a city with a population of one million or
32 more, the amount of such taxes shall not be [~~no more than five per~~
33 ~~centum of the annual shelter rent or carrying charges of the project~~]
34 assessed. Upon the consent of the local legislative body of the munic-
35 ipality, other than a city with a population of one million or more, in
36 which the project is located, the amount of such taxes may be further
37 reduced to five per centum or less of the annual shelter rent or carry-
38 ing charges of the project. Any such granted consent to reduce the
39 amount of such taxes shall expire every ten years. If such authorization
40 is not renewed, the rate of taxation shall revert to the level estab-
41 lished before the consent was granted. Such tax exemption shall commence
42 in each instance from the date when the project becomes subject to a
43 mortgage insured by the federal government and shall operate and contin-
44 ue so long as a mortgage on such project is insured or held by the
45 federal government or so long as the project is thereafter owned by the
46 federal government or so long as any residual indebtedness is outstand-
47 ing, whichever is longer. When there is a participation, new loan or
48 investment pursuant to section twenty-three-b of this article, such
49 participation, new loan or investment shall be deemed to be the equiv-
50 alent of a federally insured mortgage for purposes of this paragraph.
51 Nothing contained in this paragraph shall be construed to limit or
52 otherwise impair the benefits available to any company eligible for
53 exemption from taxation pursuant to section thirty-one or section thir-
54 ty-six-a of this article, section four hundred twenty-two or section
55 four hundred sixty-seven-c of the real property tax law, or section
56 fifty-eight of the public housing law. The foregoing shall not be deemed

1 to authorize any company to receive the benefits of any exemption from
2 taxation in contravention of the provisions of section two of article
3 eighteen of the constitution.

4 § 4. Subdivision 4 of section 33 of the private housing finance law,
5 as amended by section 4 of part L of chapter 56 of the laws of 2025,
6 is amended to read as follows:

7 4. Notwithstanding the provisions of subdivision one [~~hereof~~] of this
8 section, when a mutual company is organized under this article to facil-
9 itate the acquisition of a building by residents thereof, the amount of
10 local and municipal taxes, other than assessments for local improve-
11 ments, to be paid on the real property included in such project, both
12 land and improvements, shall not exceed twenty per centum of the annual
13 shelter rent or carrying charges of such project, as defined in para-
14 graph (a) of subdivision one [~~hereof~~] of this section; provided, howev-
15 er, that where such acquisition of a building by residents thereof
16 involves the financing of rehabilitation or other improvement as well as
17 acquisition, upon the consent of the local legislative body of the muni-
18 cipality in which the project is located the amount of such taxes for
19 projects located or to be located in a municipality with a population of
20 less than one million may be further reduced provided that such amount
21 shall not be less than ten per centum of the annual shelter rent or
22 carrying charges of the project, as defined in paragraph (a) of subdivi-
23 sion one [~~hereof~~] of this section, or such other amount less than ten
24 per centum approved by the local legislative body of such municipality;
25 or the company may in lieu of requesting such consent apply for the
26 benefits of the local law, if any, enacted pursuant to section four
27 hundred eighty-nine of the real property tax law. Notwithstanding any
28 other provision of this subdivision, in a city with a population of one
29 million or more, the amount of such taxes shall not be [~~no more than~~
30 ~~five per centum of the annual shelter rent or carrying charges of the~~
31 ~~project~~] assessed. Upon the consent of the local legislative body of the
32 municipality, other than a city with a population of one million or
33 more, in which the project is located, the amount of such taxes may be
34 further reduced to five per centum or less of the annual shelter rent or
35 carrying charges of the project. Any such granted consent to reduce the
36 amount of such taxes shall expire every ten years. If such authorization
37 is not renewed, the rate of taxation shall revert to the level estab-
38 lished before the consent was granted. Such tax exemption, if any,
39 granted pursuant to this article shall operate and continue so long as a
40 loan made under this article or any subsequent loan approved by the
41 commissioner or the supervising agency to enhance the residential
42 portion of the project and the project is continued to be operated for
43 the purposes set forth in this article is outstanding.

44 § 5. Paragraph (a-4) of subdivision 1 of section 125 of the private
45 housing finance law, as amended by chapter 430 of the laws of 2025, is
46 amended to read as follows:

47 (a-4) Any inconsistent provision of law notwithstanding, in a city
48 having a population of one million or more, where a local legislative
49 body has acted to extend the tax exemption of a mutual redevelopment
50 company for the maximum period provided for in paragraph (a-2) of this
51 subdivision, the local legislative body may grant an additional full tax
52 exemption [~~for a period of up to fifty years, provided that the amount~~
53 ~~of taxes to be paid during any such period of tax exemption shall be not~~
54 ~~less than an amount equal to the lesser of (i) five per centum of the~~
55 ~~annual rent or carrying charges of the project minus utilities for the~~
56 ~~residential portion of the project, or (ii) the taxes payable by such~~

1 ~~company for the residential portion of the project during the tax year~~
2 ~~commencing July first, two thousand and ending on June thirtieth, two~~
3 ~~thousand one] to such a company.~~ Such grant of an additional full tax
4 exemption [~~period~~] shall take effect upon the expiration of the maximum
5 period provided for in paragraph (a-2) of this subdivision.
6 § 6. This act shall take effect immediately.