

STATE OF NEW YORK

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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 -- reported favorably from said committee and committed to the Committee on Finance -- 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

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

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1 population of one million or more, the amount of such taxes shall be no
2 more than five per centum of the annual shelter rent or carrying charges
3 of the project or, upon consent of the local legislative body, the
4 amount of such taxes may be further reduced to five per centum or less,
5 including a full reduction, of the annual shelter rent or carrying
6 charges of the project. Upon the consent of the local legislative body
7 of a municipality, other than a city with a population of one million or
8 more, in which the project is located, the amount of such taxes may be
9 further reduced to five per centum or less, including a full reduction,
10 of the annual shelter rent or carrying charges of the project. Any such
11 granted consent to reduce the amount of such taxes shall expire every
12 ten years. If such authorization is not renewed, the rate of taxation
13 shall revert to the level established before the consent was granted.
14 Shelter rent shall mean the total rents received from the occupants of a
15 project less the cost of providing to the occupants electricity, gas,
16 heat and other utilities. Total rents shall include rent supplements and
17 subsidies received from the federal government, the state or a munici-
18 pality on behalf of such occupants but shall not include interest
19 reduction payments pursuant to subdivision (a) of section two hundred
20 one of the Federal Housing and Urban Development Act of nineteen hundred
21 sixty-eight. The tax exemption shall operate and continue so long as the
22 mortgage loans of the company, including any additional mortgage loan
23 the proceeds of which are used primarily for the residential portion of
24 the project, which additional loan is approved by the commissioner or
25 the supervising agency, are outstanding.

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

29 (c) Notwithstanding the provisions of paragraphs (a) and (b) of this
30 subdivision, the real property of a state urban development corporation
31 project acquired, owned, constructed, managed or operated by a company
32 incorporated pursuant to the not-for-profit corporation law and this
33 article shall be entitled to all the benefits provided by section four
34 hundred twenty-two of the real property tax law. The real property of a
35 state urban development corporation project, other than a state urban
36 development corporation project acquired, owned, constructed, managed or
37 operated by a company incorporated pursuant to the not-for-profit corpo-
38 ration law and this article, shall be exempt from all local and munici-
39 pal taxes, other than assessments for local improvements, to the extent
40 of the value of the property included in such project as represents an
41 increase over the assessed valuation of the real property, both land and
42 improvements, acquired for the project on the date of its acquisition by
43 the limited-profit housing company, provided that the amount of such
44 taxes to be paid for projects located or to be located in a municipality
45 with a population of less than one million shall not be less than ten
46 per centum of the annual shelter rent or carrying charges of such
47 project, as defined in paragraph (a) hereof, except that in a city with
48 a population of one million or more, the amount of such taxes shall be
49 no more than five per centum of the annual shelter rent or carrying
50 charges of the project or, upon consent of the local legislative body,
51 the amount of such taxes may be further reduced to five per centum or
52 less, including a full reduction, of the annual shelter rent or carrying
53 charges of the project. Upon the consent of the local legislative body
54 of the municipality, other than a city with a population of one million
55 or more, in which the project is located, the amount of such taxes may
56 be further reduced to five per centum or less, including a full

1 reduction, of the annual shelter rent or carrying charges of the
2 project. Any such granted consent to reduce the amount of such taxes
3 shall expire every ten years. If such authorization is not renewed, the
4 rate of taxation shall revert to the level established before the
5 consent was granted. The tax exemption shall operate and continue so
6 long as the mortgage loans of such limited profit housing company,
7 including any additional mortgage loan the proceeds of which are used
8 primarily for the residential portion of the project, which additional
9 loan is approved by the commissioner or the supervising agency, are
10 outstanding and the project is continued to be operated as a limited-
11 profit housing project. If a state urban development corporation project
12 qualifying for tax exemption pursuant to this paragraph is sold, with
13 the approval of the commissioner, to another limited-profit housing
14 company, such successor company shall be entitled to all the benefits of
15 this paragraph. In the event that such sale is to a company incorporated
16 pursuant to the not-for-profit corporation law and this article, such
17 successor company shall be entitled to all the benefits provided by
18 section four hundred twenty-two of the real property tax law.

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

22 (d) Notwithstanding the provisions of paragraphs (a) and (b) of this
23 subdivision, when a project is financed with a mortgage loan pursuant to
24 this article or article three of this chapter and (i) there is a partic-
25 ipation, new loan or investment pursuant to section twenty-three-b of
26 this article or (ii) such mortgage loan is assigned, modified or satis-
27 fied pursuant to section twenty-three-a or forty-four-b or subdivision
28 twenty-two-a of section six hundred fifty-four of this chapter, the real
29 property of the project shall be exempt from all local and municipal
30 taxes, other than assessments for local improvements, to the extent of
31 the value of the real property included in such project which represents
32 an increase over the assessed valuation of the real property, both land
33 and improvements, acquired for the project on the date of its original
34 acquisition for the project by the original mortgagor under a mortgage
35 loan pursuant to this article or article three of this chapter, provided
36 that the amount of taxes to be paid on the project for projects located
37 or to be located in a municipality with a population of less than one
38 million shall not be less than ten per centum of the annual shelter rent
39 or carrying charges of such project, as defined in paragraph (a) of this
40 subdivision, except that in a city with a population of one million or
41 more, the amount of such taxes shall be no more than five per centum of
42 the annual shelter rent or carrying charges of the project or, upon
43 consent of the local legislative body, the amount of such taxes may be
44 further reduced to five per centum or less, including a full reduction,
45 of the annual shelter rent or carrying charges of the project. Upon the
46 consent of the local legislative body of the municipality, other than a
47 city with a population of one million or more, in which the project is
48 located, the amount of such taxes may be further reduced to five per
49 centum or less, including a full reduction, of the annual shelter rent
50 or carrying charges of the project. Any such granted consent to reduce
51 the amount of such taxes shall expire every ten years. If such authori-
52 zation is not renewed, the rate of taxation shall revert to the level
53 established before the consent was granted. Such tax exemption shall
54 commence in each instance from the date when the project becomes subject
55 to a mortgage insured by the federal government and shall operate and
56 continue so long as a mortgage on such project is insured or held by the

1 federal government or so long as the project is thereafter owned by the
2 federal government or so long as any residual indebtedness is outstand-
3 ing, whichever is longer. When there is a participation, new loan or
4 investment pursuant to section twenty-three-b of this article, such
5 participation, new loan or investment shall be deemed to be the equiv-
6 alent of a federally insured mortgage for purposes of this paragraph.
7 Nothing contained in this paragraph shall be construed to limit or
8 otherwise impair the benefits available to any company eligible for
9 exemption from taxation pursuant to section thirty-one or section thir-
10 ty-six-a of this article, section four hundred twenty-two or section
11 four hundred sixty-seven-c of the real property tax law, or section
12 fifty-eight of the public housing law. The foregoing shall not be deemed
13 to authorize any company to receive the benefits of any exemption from
14 taxation in contravention of the provisions of section two of article
15 eighteen of the constitution.

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

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

1 the residential portion of the project and the project is continued to
2 be operated for the purposes set forth in this article is outstanding.

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

6 (a-4) Any inconsistent provision of law notwithstanding, in a city
7 having a population of one million or more, where a local legislative
8 body has acted to extend the tax exemption of a mutual redevelopment
9 company for the maximum period provided for in paragraph (a-2) of this
10 subdivision, the local legislative body may grant an additional tax
11 exemption for a period of up to fifty years, provided that the amount of
12 taxes to be paid during any such period of tax exemption shall be not
13 less than an amount equal to the lesser of (i) five per centum of the
14 annual rent or carrying charges of the project minus utilities for the
15 residential portion of the project, (ii) upon the authorization of the
16 local legislative body, less than five per centum of the annual rent or
17 carrying charges of the project minus utilities for the residential
18 portion of the project, up to a full tax exemption, or [~~(ii)~~] (iii) the
19 taxes payable by such company for the residential portion of the project
20 during the tax year commencing July first, two thousand and ending on
21 June thirtieth, two thousand one. Such grant of an additional tax
22 exemption [~~period~~] shall take effect upon the expiration of the maximum
23 period provided for in paragraph (a-2) of this subdivision.

24 § 6. Subdivision 8 of section 93 of the private housing finance law,
25 as added by section 5 of part L of chapter 56 of the laws of 2025, is
26 amended to read as follows:

27 8. Notwithstanding any other provision of this section, the maximum
28 combined local and municipal taxes, other than assessments for local
29 improvements, that a project operated by a housing company established
30 pursuant to this article, and which is eligible for a tax exemption
31 pursuant to any other subdivision of this section, shall be required to
32 pay in a city with a population of one million or more shall be no more
33 than the equivalent of five per centum of the annual shelter rent or
34 carrying charges of such project or, upon consent of the local legisla-
35 tive body, the amount of such taxes may be further reduced to five per
36 centum or less, including a full reduction, of the annual shelter rent
37 or carrying charges of the project. Upon the consent of the local legis-
38 lative body of the municipality, other than a city with a population of
39 one million or more, in which the project is located, the amount of such
40 taxes may be further reduced to five per centum or less, including a
41 full reduction, of the annual shelter rent or carrying charges of the
42 project. Any such granted consent to reduce the amount of such taxes
43 shall expire every ten years. If such authorization is not renewed, the
44 rate of taxation shall revert to the level established before the
45 consent was granted. For the purposes of this subdivision, "shelter
46 rent" shall have the same meaning as such term is defined to have in
47 paragraph a of subdivision one of section thirty-three of this chapter.

48 § 7. This act shall take effect immediately.