STATE OF NEW YORK

8918

IN SENATE

January 15, 2026

Introduced by Sen. KAVANAGH -- read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development

AN ACT to amend the public housing law, in relation to establishing the build up New York pilot program and the mass timber for affordable housing program; and to amend the tax law, in relation to establishing tax credits for the mass timber for affordable housing program; and providing for the repeal of certain provisions upon expiration thereof

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

Section 1. Short title. This act shall be known and may be cited as the "facilitating resilient affordable mass timber expansion act" or the "FRAME act".

§ 2. Legislative intent. The legislature finds that mass timber is a sustainable, resilient, and efficient construction material that can reduce greenhouse gas emissions, lower construction costs, and accelerate housing production. The use of mass timber supports New York's climate goals, promotes workforce development, and strengthens supply chains for renewable building products. The purpose of this act is to:

1. Pilot the use of mass timber in affordable housing retrofits and additions;

2. Provide tax incentives to encourage adoption of mass timber in affordable housing projects; and

3. Spur investment in facilities and machinery that produce mass timber products within New York state.

§ 3. The public housing law is amended by adding a new article 16 to read as follows:

ARTICLE XVI

BUILD UP NEW YORK PILOT PROGRAM

Section 660. Definitions.
661. Build up New York pilot program.
662. Prevailing wage requirements.
663. Annual evaluations.

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

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§ 660. Definitions. For the purposes of this article, the following terms shall have the following meanings:

1. "Mass timber" means engineered wood products such as laminated veneer lumber, parallel strand lumber, cross-laminated timber, dowel laminated timber, nail laminated timber, glue-laminated timber, glue-laminated beams and columns, and structural sawn lumber.

2. "Qualifying affordable housing projects" means new accessory dwelling unit housing projects built on top of existing buildings and utilizing mass timber that serve households up to one hundred fifty percent of area median income.

3. "Eligible participant" means a municipality that has received a pro-housing community certification from the division of homes and community renewal.

§ 661. Build up New York pilot program. No later than one year from the effective date of this article, the commissioner shall establish a competitive build up New York pilot program. Such program shall provide grants to eligible participants constructing qualifying affordable housing projects using mass timber.

§ 662. Prevailing wage requirements. The pilot program established pursuant to this article shall require that an eligible participant or a third-party acting on the eligible participant's behalf shall comply with the provisions of section two hundred twenty-four-a of the labor law.

§ 663. Annual evaluations. The division of homes and community renewal shall conduct annual evaluations of the pilot program established pursuant to this article and shall submit a summary evaluation of the pilot program at the end of the second year of such program and again at the conclusion of the program to the temporary president of the senate and the speaker of the assembly. Such evaluations shall include, but not be limited to:

1. The number of applicants to the pilot program and their geographic distribution;

2. The number of projects completed and the number of new units created as a result of the pilot program;

3. Barriers or challenges to implementation of the pilot program; and

4. Legislative recommendations for the expansion or improvement of the pilot program.

§ 4. The public housing law is amended by adding a new article 17 to read as follows:

Article XVII
MASS TIMBER FOR AFFORDABLE HOUSING PROGRAM

Section 670. Definitions.
671. Eligibility criteria.
672. Application and approval process.
673. Powers and duties of the commissioner.
674. Mass timber for affordable housing tax credit.
675. Reporting.

§ 670. Definitions. For the purposes of this article, the following terms shall have the following meanings:

1. "Division" means the division of homes and community renewal.

2. "Certificate of eligibility" means the document issued by the division to an applicant that has completed an application for the mass timber for affordable housing program and has been accepted into the

program by the division. Possession of a certificate of eligibility does not by itself guarantee eligibility to claim the tax credit.

3. "Certificate of tax credit" means the document issued to a participant by the division, after the division has verified that the participant has met all applicable eligibility criteria pursuant to this article. The certificate of tax credit shall specify the exact amount of the tax credit allowed pursuant to this article that a participant may claim and shall specify the taxable year in which such tax credit may be claimed.

4. "Participant" means a business entity that:

(a) has completed an application prescribed by the division to be admitted into the program;

(b) has been issued a certificate of eligibility by the division;

(c) has demonstrated that it meets the eligibility criteria in section six hundred seventy-one of this article; and

(d) has been certified as a participant by the commissioner.

5. "Qualifying affordable housing project" means new construction, or a major retrofit of an existing building, that will primarily serve households up to one hundred fifty percent of the area median income.

6. "Mass timber" means engineered wood products such as laminated veneer lumber, parallel strand lumber, cross-laminated timber, dowel laminated timber, nail laminated timber, glue-laminated timber, glue-laminated beams and columns, and structural sawn lumber.

§ 671. Eligibility criteria. Eligibility criteria for the mass timber for affordable housing program shall require that participants:

1. primarily utilize mass timber in qualifying affordable housing projects;

2. be in compliance with all worker protection and environmental laws and regulations; and

3. not owe past due state taxes or local property taxes unless the participant is making payments and complying with an approved binding payment agreement entered into with the taxing authority.

§ 672. Application and approval process. 1. Applicants for the program shall submit a completed application in such form and with such information as prescribed by the commissioner. The application shall require that applicants:

(a) agree to allow the department of taxation and finance to share the applicant's tax information with the division; provided, however, that any information shared as a result of such agreement shall not be available for disclosure or inspection under the state freedom of information law;

(b) agree to allow the department of labor to share the applicant's employer information with the division; provided, however, that any information shared as a result of this agreement shall not be available for disclosure or inspection under the state freedom of information law;

(c) allow the division and its agents access to any and all books and records that the division may require to monitor compliance; and

(d) certify, under penalty of perjury, that the applicant is in substantial compliance with all environmental, worker protection, and local, state, and federal tax laws.

2. After reviewing an applicant's completed application and determining that the applicant will meet the requirements of this section, the division may admit the applicant into the program and provide such applicant with a certificate of eligibility.

3. In order to become a participant in the program, an applicant shall submit evidence, in such form as the commissioner may prescribe, that

such applicant satisfies the eligibility criteria set forth in section six hundred seventy-one of this article. After reviewing such evidence, if the division finds that the applicant satisfies the eligibility criteria, then the division shall certify the applicant as a participant and issue to such participant a certificate of tax credit.

§ 673. Powers and duties of the commissioner. 1. The commissioner shall promulgate regulations consistent with the purposes of this article which, notwithstanding any provisions to the contrary in the state administrative procedure act, may be adopted on an emergency basis. Such regulations shall include, but not be limited to, establishing an application process and eligibility criteria for business entities desiring to participate in the mass timber for affordable housing program so as not to exceed the annual cap on tax credits set forth in section six hundred seventy-four of this article and such other provisions as the commissioner deems to be appropriate to implement the provisions of this article.

2. The commissioner shall, in consultation with the department of taxation and finance, develop a certificate of tax credit that shall be issued by the commissioner to participants. Participants shall be required to include the certificate of tax credit with their tax return to receive any tax benefits under this article.

3. The commissioner shall solely determine the eligibility of any applicant applying for entry into the program and shall remove any participant from the program for failing to meet any of the requirements set forth in section six hundred seventy-one of this article.

§ 674. Mass timber for affordable housing tax credit. A participant in the mass timber for affordable housing program shall be for a credit against the costs of purchasing mass timber for a qualifying affordable housing project in New York state. The amount of such credit shall be equal to twenty-five percent of the cost.

§ 675. Reporting. The division, beginning February first, two thousand twenty-eight, and annually thereafter provided program funds remain, shall submit a report to the governor, the temporary president of the senate, and the speaker of the assembly. Such annual report shall include, but need not be limited to: the number of participants approved for the program; the geographical distribution of participants; the total amount of tax credits provided through the mass timber for affordable housing tax credit; the number of new units created; and such other information as the commissioner determines is necessary and appropriate. Such reports shall be included on the division's website and be made publicly available.

§ 5. Section 210-B of the tax law is amended by adding a new subdivision 63 to read as follows:

63. Mass timber for affordable housing tax credit. (a) Allowance of credit. (1) A taxpayer that has been approved by the commissioner of homes and community renewal to participate in the mass timber for affordable housing program and has been issued a certificate of tax credit pursuant to section six hundred seventy-two of the public housing law shall be allowed to claim a credit against the tax imposed by this article. The credit shall equal up to twenty-five percent of costs directly attributable to the design, procurement, and installation of mass timber in qualified affordable housing projects. In no event shall a taxpayer be allowed a credit greater than the amount of credit listed on the certificate of tax credit issued by the commissioner of homes and community renewal. No cost or expense paid or incurred by the taxpayer

that is the basis for this credit shall be the basis for any other tax credit provided by this chapter.

(2) In addition to the credit authorized pursuant to subparagraph one of this paragraph, for any property that is principally used by a taxpayer who qualifies for the credit authorized pursuant to subparagraph one of this paragraph for the purposes of producing, processing or assembling mass timber, as defined in subdivision six of section six hundred seventy of the public housing law, the percentage to be used to compute the credit allowed under this subdivision shall be an additional ten percent.

(b) Application of credit. The credit allowed under this subdivision for any taxable year may not reduce the tax due for such year to less than the amount prescribed in paragraph (d) of subdivision one of section two hundred ten of this article. However, if the amount of credit allowed under this subdivision for any taxable year reduces the tax to such amount, or if the taxpayer otherwise pays tax based on the fixed dollar minimum amount, any amount of credit thus not deductible in that taxable year will be treated as an overpayment of tax to be credited or refunded in accordance with the provisions of section one thousand eighty-six of this chapter. Provided, however, the provisions of subsection (c) of section one thousand eighty-eight of this chapter notwithstanding, no interest will be paid thereon.

(c) Reporting. The taxpayer shall attach to its tax return its certificate of tax credit issued by the commissioner of homes and community renewal pursuant to section six hundred seventy-two of the public housing law. In no event shall the taxpayer be allowed a credit greater than the amount of the credit listed on the certificate of tax credit, or in the case of a taxpayer who is a partner in a partnership, a member of a limited liability company, or shareholder in an S corporation, its pro rata share of the amount of credit listed on the certificate of tax credit.

(d) Credit recapture. If a certificate of eligibility or a certificate of tax credit issued by the division of homes and community renewal under article seventeen of the public housing law is revoked by such division because the taxpayer does not meet the eligibility requirement set forth in section six hundred seventy-one of the public housing law, the amount of credit described in this subdivision and claimed by the taxpayer prior to that revocation shall be added back to tax in the taxable year in which any such revocation becomes final.

§ 6. Section 606 of the tax law is amended by adding a new subsection (uuu) to read as follows:

(uuu) Mass timber for affordable housing tax credit. (1) Allowance of credit. (A) A taxpayer that has been approved by the commissioner of homes and community renewal to participate in the mass timber for affordable housing program and has been issued a certificate of tax credit pursuant to section six hundred seventy-two of the public housing law shall be allowed to claim a credit against the tax imposed by this article. The credit shall equal up to twenty-five percent of costs directly attributable to the design, procurement, and installation of mass timber in qualified affordable housing projects. In no event shall a taxpayer be allowed a credit greater than the amount of credit listed on the certificate of tax credit issued by the commissioner of homes and community renewal. In the case of a taxpayer who is a partner in a partnership, member of a limited liability company or shareholder in an S corporation, the taxpayer shall be allowed its pro rata share of the credit earned by the partnership, limited liability company, or S corpo-

ration. No cost or expense paid or incurred by the taxpayer that is the basis for this credit shall be the basis for any other tax credit provided by this chapter.

(B) In addition to the credit authorized pursuant to subparagraph (A) of this paragraph, for any property that is principally used by a taxpayer who qualifies for the credit authorized pursuant to subparagraph (A) of this paragraph for the purposes of producing, processing or assembling mass timber, as defined in subdivision six of section six hundred seventy of the public housing law, the percentage to be used to compute the credit allowed under this subsection shall be an additional ten percent.

(2) Application of credit. If the amount of the credit allowed under this subsection for any taxable year exceeds the taxpayer's tax for the taxable year, the excess shall be treated as an overpayment of tax to be credited or refunded in accordance with the provisions of section six hundred eighty-six of this article, provided, however, no interest will be paid thereon.

(3) Reporting. The taxpayer shall attach to its tax return its certificate of tax credit issued by the commissioner of homes and community renewal pursuant to section six hundred seventy-two of the public housing law. In no event shall the taxpayer be allowed a credit greater than the amount of the credit listed on the certificate of tax credit, or in the case of a taxpayer who is a partner in a partnership, a member of a limited liability company, or shareholder in an S corporation, its pro rata share of the amount of credit listed on the certificate of tax credit.

(4) Credit recapture. If a certificate of eligibility or a certificate of tax credit issued by the division of homes and community renewal under article seventeen of the public housing law is revoked by such division because the taxpayer does not meet the eligibility requirement set forth in section six hundred seventy-one of the public housing law, the amount of credit described in this subsection and claimed by the taxpayer prior to that revocation shall be added back to tax in the taxable year in which any such revocation becomes final.

§ 7. This act shall take effect immediately and shall apply to taxable years beginning on or after January 1, 2026; provided, however, that section three of this act shall expire and be deemed repealed five years after such effective date.