

STATE OF NEW YORK

4414

2025-2026 Regular Sessions

IN SENATE

February 4, 2025

Introduced by Sen. MAY -- 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 real property tax law, in relation to establishing an optional local tax exemption for affordable multi-family housing

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

1 Section 1. The real property tax law is amended by adding a new
2 section 421-r to read as follows:

3 § 421-r. Exemption of newly-constructed or converted rental multiple
4 dwelling. 1. (a) A city, town or village may, by local law, provide
5 for the exemption of rental multiple dwellings constructed or converted
6 in a benefit area designated in such local law from taxation and special
7 ad valorem levies, as provided in this section. Subsequent to the
8 adoption of such a local law, any other municipal corporation in which
9 the designated benefit area is located may likewise exempt such property
10 from its taxation and special ad valorem levies by local law, or in the
11 case of a school district, by resolution.

12 (b) As used in this section, the term "benefit area" means the area
13 within a city, town or village, designated by local law, to which an
14 exemption, established pursuant to this section, applies.

15 (c) The term "rental multiple dwelling" means a structure, other than
16 a hotel, consisting of twenty or more dwelling units, where all of the
17 units are rented for residential purposes, and such units, upon initial
18 rental and upon each subsequent rental following a vacancy during the
19 benefit period, are affordable to and restricted to occupancy by indi-
20 viduals or families whose household income does not exceed a certain
21 percentage, as determined based on recommendations developed by the
22 division of housing and community renewal for each economic development
23 region, of the area median income, adjusted for family size, on average,
24 at the time that such households initially occupy such dwelling units.

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

LBD08680-01-5

1 Such restriction period shall be in effect coterminous with the benefit
2 period, provided, however, that the tenant or tenants in an income
3 restricted dwelling unit at the time such restriction period ends shall
4 have the right to lease renewals at the income restricted level until
5 such time as such tenant or tenants permanently vacate the dwelling
6 unit.

7 2. (a) The division of housing and community renewal shall develop
8 recommendations for each economic development region, as established by
9 section two hundred thirty of the economic development law, regarding
10 the implementation of the exemption created under this section. Cities,
11 towns, and villages providing such exemption shall have the option to
12 opt into such recommendations.

13 (b) Such recommendations shall:

14 (i) consider the financial feasibility of constructing new housing or
15 converting a non-residential structure to a rental multiple dwelling and
16 operating such housing in each economic development region, including
17 any variation in construction costs and operating incomes for rental
18 multiple dwelling projects in different parts of each such region, and
19 among subsidized and unregulated rental multiple dwelling projects;

20 (ii) include recommendations for both rental multiple dwelling
21 projects receiving additional subsidies or exemptions and rental multi-
22 ple dwelling projects receiving no additional subsidies or exemptions;
23 and

24 (iii) include recommendations for the conversion of non-residential
25 property for residential use.

26 (c) Such recommendations shall be updated by the division of housing
27 and community renewal no less than once every two years.

28 3. Application for exemption under this section shall be made on a
29 form prescribed by the commissioner and filed with the assessor on or
30 before the applicable taxable status date.

31 4. In the case of a newly constructed or converted property which is
32 used partially as a rental multiple dwelling and partially for commer-
33 cial or other purposes, the portion of the property that is used as a
34 rental multiple dwelling shall be eligible for the exemption authorized
35 by this section if:

36 (a) The square footage of the portion used as a rental multiple dwell-
37 ing represents at least fifty percent of the square footage of the
38 entire property;

39 (b) The rental units are affordable to individuals or families as
40 determined according to the criteria set forth in paragraph (c) of
41 subdivision one of this section; and

42 (c) The requirements of this section are otherwise satisfied with
43 respect to the portion of the property used as a rental multiple dwell-
44 ing.

45 5. The exemption authorized by this section shall not be available in
46 a city with a population of one million or more.

47 6. Any recipient of the exemption authorized by this section or their
48 designee shall certify compliance with the provisions of this section
49 under penalty of perjury, at such time or times and in such manner as
50 may be prescribed in the local law adopted by the city, town or village
51 pursuant to paragraph (a) of subdivision one of this section, or by a
52 subsequent local law. Such city, town or village may establish such
53 procedures as it deems necessary for monitoring and enforcing compliance
54 of an eligible building with the provisions of this section.

55 § 2. This act shall take effect immediately.