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:

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

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

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

(c) The term "rental multiple dwelling" means a structure, other than a hotel, consisting of twenty or more dwelling units, where all of the units are rented for residential purposes, and such units, upon initial rental and upon each subsequent rental following a vacancy during the benefit period, are affordable to and restricted to occupancy by individuals or families whose household income does not exceed a certain percentage, as determined based on recommendations developed by the division of housing and community renewal for each economic development region, of the area median income, adjusted for family size, on average, 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.

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

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

(b) Such recommendations shall:

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

(ii) include recommendations for both rental multiple dwelling projects receiving additional subsidies or exemptions and rental multiple dwelling projects receiving no additional subsidies or exemptions; and

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

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

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

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

(a) The square footage of the portion used as a rental multiple dwelling represents at least fifty percent of the square footage of the entire property;

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

(c) The requirements of this section are otherwise satisfied with respect to the portion of the property used as a rental multiple dwelling.

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

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

§ 2. This act shall take effect immediately.