

STATE OF NEW YORK

5662

2025-2026 Regular Sessions

IN SENATE

February 26, 2025

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 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 chapter 229 of the laws of 1989, is
3 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~~], or such other amount less than ten per centum approved
19 by the local legislative body of such municipality, and further provided
20 that [~~for~~] projects located or to be located in a city of a population
21 of one million or more[, ~~upon the consent of the local legislative body~~
22 ~~of the municipality, the amount of such taxes to be paid may be set at~~
23 ~~not less than (i) the taxes payable with respect to the real property in~~
24 ~~such project with respect to the year nineteen hundred seventy-three,~~

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

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1 ~~or, (ii) if such project was not occupied in such year, not less than~~
2 ~~ten per centum of the annual shelter rent or carrying charges first~~
3 ~~established pursuant to subdivision one of section thirty one of this~~
4 ~~article] shall not be assessed.~~ Shelter rent shall mean the total rents
5 received from the occupants of a project less the cost of providing to
6 the occupants electricity, gas, heat and other utilities. Total rents
7 shall include rent supplements and subsidies received from the federal
8 government, the state or a municipality on behalf of such occupants[7]
9 but shall not include interest reduction payments pursuant to subdivi-
10 sion (a) of section two hundred one of the Federal Housing and Urban
11 Development Act of nineteen hundred sixty-eight. The tax exemption shall
12 operate and continue so long as the mortgage loans of the company,
13 including any additional mortgage loan the proceeds of which are used
14 primarily for the residential portion of the project, which additional
15 loan is approved by the commissioner or the supervising agency, are
16 outstanding.

17 § 2. Paragraph (c) of subdivision 1 of section 33 of the private hous-
18 ing finance law, as amended by chapter 229 of the laws of 1989, is
19 amended to read as follows:

20 (c) Notwithstanding the provisions of paragraphs (a) and (b) of this
21 subdivision, the real property of a state urban development corporation
22 project acquired, owned, constructed, managed or operated by a company
23 incorporated pursuant to the not-for-profit corporation law and this
24 article shall be entitled to all the benefits provided by section four
25 hundred twenty-two of the real property tax law. The real property of a
26 state urban development corporation project, other than a state urban
27 development corporation project acquired, owned, constructed, managed or
28 operated by a company incorporated pursuant to the not-for-profit corpo-
29 ration law and this article, shall be exempt from all local and municip-
30 al taxes, other than assessments for local improvements, to the extent
31 of the value of the property included in such project as represents an
32 increase over the assessed valuation of the real property, both land and
33 improvements, acquired for the project on the date of its acquisition by
34 the limited-profit housing company, provided that the amount of such
35 taxes to be paid for projects located or to be located in a municipality
36 with a population of less than one million shall not be less than ten
37 per centum of the annual shelter rent or carrying charges of such
38 project, as defined in paragraph (a) hereof, or such other amount less
39 than ten per centum approved by the local legislative body of such muni-
40 cipality, and further provided that projects located or to be located in
41 a city with a population of one million or more shall not be assessed.

42 The tax exemption shall operate and continue so long as the mortgage
43 loans of such limited profit housing company, including any additional
44 mortgage loan the proceeds of which are used primarily for the residen-
45 tial portion of the project, which additional loan is approved by the
46 commissioner or the supervising agency, are outstanding and the project
47 is continued to be operated as a limited-profit housing project. If a
48 state urban development corporation project qualifying for tax exemption
49 pursuant to this paragraph is sold, with the approval of the commission-
50 er, to another limited-profit housing company, such successor company
51 shall be entitled to all the benefits of this paragraph. In the event
52 that such sale is to a company incorporated pursuant to the not-for-pro-
53 fit corporation law and this article, such successor company shall be
54 entitled to all the benefits provided by section four hundred twenty-two
55 of the real property tax law.

1 § 3. Paragraph (d) of subdivision 1 of section 33 of the private hous-
2 ing finance law, as amended by chapter 744 of the laws of 1977, is
3 amended to read as follows:

4 (d) Notwithstanding the provisions of paragraphs (a) and (b) of this
5 subdivision, when a project is financed with a mortgage loan pursuant to
6 this article or article three of this chapter and (i) there is a partic-
7 ipation, new loan or investment pursuant to section twenty-three-b of
8 this article or (ii) such mortgage loan is assigned, modified or satis-
9 fied pursuant to section twenty-three-a or forty-four-b or subdivision
10 twenty-two-a of section six hundred fifty-four of this chapter, the real
11 property of the project shall be exempt from all local and municipal
12 taxes, other than assessments for local improvements, to the extent of
13 the value of the real property included in such project which represents
14 an increase over the assessed valuation of the real property, both land
15 and improvements, acquired for the project on the date of its original
16 acquisition for the project by the original mortgagor under a mortgage
17 loan pursuant to this article or article three of this chapter, provided
18 that the amount of taxes to be paid on the project for projects located
19 or to be located in a municipality with a population of less than one
20 million shall not be less than ten per centum of the annual shelter rent
21 or carrying charges of such project, as defined in paragraph (a) of this
22 subdivision, or such other amount less than ten per centum approved by
23 the local legislative body of such municipality, and further provided
24 that projects located or to be located in a city with a population of
25 one million or more shall not be assessed. Such tax exemption shall
26 commence in each instance from the date when the project becomes subject
27 to a mortgage insured by the federal government and shall operate and
28 continue so long as a mortgage on such project is insured or held by the
29 federal government or so long as the project is thereafter owned by the
30 federal government or so long as any residual indebtedness is outstand-
31 ing, whichever is longer. When there is a participation, new loan or
32 investment pursuant to section twenty-three-b of this article, such
33 participation, new loan or investment shall be deemed to be the equiv-
34 alent of a federally insured mortgage for purposes of this paragraph.
35 Nothing contained in this paragraph shall be construed to limit or
36 otherwise impair the benefits available to any company eligible for
37 exemption from taxation pursuant to section thirty-one or section thir-
38 ty-six-a of this article, section four hundred twenty-two or section
39 four hundred sixty-seven-c of the real property tax law, or section
40 fifty-eight of the public housing law. The foregoing shall not be deemed
41 to authorize any company to receive the benefits of any exemption from
42 taxation in contravention of the provisions of section two of article
43 eighteen of the constitution.

44 § 4. Subdivision 4 of section 33 of the private housing finance law,
45 as amended by chapter 229 of the laws of 1989, is amended to read as
46 follows:

47 4. Notwithstanding the provisions of subdivision one hereof, when a
48 mutual company is organized under this article to facilitate the acqui-
49 sition of a building by residents thereof, the amount of local and
50 municipal taxes, other than assessments for local improvements, to be
51 paid on the real property included in such project, both land and
52 improvements, shall not exceed twenty per centum of the annual shelter
53 rent or carrying charges of such project, as defined in paragraph (a) of
54 subdivision one [~~hereof~~] of this section; provided, however, that where
55 such acquisition of a building by residents thereof involves the financ-
56 ing of rehabilitation or other improvement as well as acquisition, upon

1 the consent of the local legislative body of the municipality in which
2 the project is located, the amount of such taxes for projects located or
3 to be located in a municipality with a population of less than one
4 million may be further reduced provided that such amount shall not be
5 less than ten per centum of the annual shelter rent or carrying charges
6 of the project, as defined in paragraph (a) of subdivision one [~~hereof~~]
7 of this section, or such other amount less than ten per centum approved
8 by the local legislative body of such municipality; or the company may
9 in lieu of requesting such consent apply for the benefits of the local
10 law, if any, enacted pursuant to section four hundred eighty-nine of the
11 real property tax law. Notwithstanding any other provision of this
12 subdivision, projects located or to be located in a city with a popu-
13 lation of one million or more shall not be assessed. Such tax exemption,
14 if any, granted pursuant to this article shall operate and continue so
15 long as a loan made under this article or any subsequent loan approved
16 by the commissioner or the supervising agency to enhance the residential
17 portion of the project and the project is continued to be operated for
18 the purposes set forth in this article is outstanding.
19 § 5. This act shall take effect immediately.