

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:

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

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

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

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

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

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

ARTICLE XVI

BUILD UP NEW YORK PILOT PROGRAM

Section 660. Definitions.

21 661. Build up New York pilot program.

22 662. Prevailing wage requirements.

23 663. Annual evaluations.

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

LBD13967-02-5

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

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

7 2. "Qualifying affordable housing projects" means new accessory dwell-
8 ing unit housing projects built on top of existing buildings and utiliz-
9 ing mass timber that serve households up to one hundred fifty percent of
10 area median income.

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

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

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

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

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

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

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

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

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

40 Article XVII

41 MASS TIMBER FOR AFFORDABLE HOUSING PROGRAM

42 Section 670. Definitions.

43 671. Eligibility criteria.

44 672. Application and approval process.

45 673. Powers and duties of the commissioner.

46 674. Mass timber for affordable housing tax credit.

47 675. Reporting.

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

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

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

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

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

10 4. "Participant" means a business entity that:

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

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

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

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

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

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

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

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

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

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

33 § 672. Application and approval process. 1. Applicants for the program
34 shall submit a completed application in such form and with such informa-
35 tion as prescribed by the commissioner. The application shall require
36 that applicants:

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

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

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

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

51 2. After reviewing an applicant's completed application and determin-
52 ing that the applicant will meet the requirements of this section, the
53 division may admit the applicant into the program and provide such
54 applicant with a certificate of eligibility.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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