§ 421-pp. Exemption of newly converted or constructed fully income restricted 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) As used in this section, the term "rental multiple dwelling" means a structure, other than a hotel, consisting of ten or more dwelling units, where all but a maximum of two of the units are rented for residential purposes, and all of such units, upon initial rental and upon each subsequent rental following a vacancy during the restriction period or extended restriction period, as applicable, is affordable to and restricted to occupancy by individuals or families whose household income does not exceed a weighted average of no less than sixty percent of the area median income and no more than eighty percent of the area median income, adjusted for family size, at the time that such households initially occupy such dwelling units, provided further that all of the income restricted units upon initial rental and upon each subsequent rental following a vacancy during the restriction period or extended restriction period, as applicable, shall be affordable to and restricted to occupancy by individuals or families whose household income does not exceed one hundred percent of the area median income, adjusted for family size, at the time that such households initially occupy such dwelling units. The two residential units that are not income restricted must be occupied by superintendents, caretakers, managers or other employees to whom the space is provided as part or all of their compensation without payment of rent and who are employed for the purpose of rendering services in connection with the premises of which the housing accommodation is a part. In the event no unit is provided or rented to such an employee, all units in the building must

be income restricted pursuant to this paragraph. Provided further that any local law authorizing an exemption pursuant to this section may provide for the area median income weighted average within the amounts set forth in this paragraph. 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. Eligible newly-constructed or converted rental multiple dwellings in a designated benefit area shall be wholly exempt from taxation while under construction, subject to a maximum of three years. Such property shall then be exempt for an additional period of thirty years. Provided, however:

(a) Taxes shall be paid during the exemption period in an amount to be determined by the local law providing the exception pursuant to this section, provided, however, that amount shall be no greater than ten per centum of the shelter rent of the eligible rental multiple dwelling exempted pursuant to this section.

(b) No other exemption may be granted concurrently to the same improvements under any other section of law.

3. To be eligible for exemption under this section, any new construction shall take place on vacant, predominantly vacant or underutilized land, or on land improved with a non-conforming use or on land containing one or more substandard or structurally unsound dwellings, or a dwelling that has been certified as unsanitary by the local health agency. The provisions of this subdivision shall not apply to any new conversions undertaken pursuant to this section.

4. 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.

5. In the case of newly constructed property which is used partially as a rental multiple dwelling and partially for commercial or other

purposes, the portion of the newly constructed 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.

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

7. 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.