§ 467-m. Exemption from local real property taxation of certain multiple dwellings in a city having a population of one million or more. 1. Definitions. For purposes of this section, the following terms shall have the following meanings:

a. "Affordable housing from commercial conversions tax incentive benefits" hereinafter referred to as "AHCC program benefits", shall mean the exemption from real property taxation authorized pursuant to this section.

b. "Affordability requirement" shall mean that within any eligible multiple dwelling: (i) not less than twenty-five percent of the dwelling units are affordable housing units; (ii) not less than five percent of the dwelling units are affordable housing forty percent units; (iii) the weighted average of all income bands for all of the affordable housing units does not exceed eighty percent of the area median income, adjusted for family size; (iv) there are no more than three income bands for all of the affordable housing units; and (v) no income band for affordable housing units exceeds one hundred percent of the area median income, adjusted for family size.

c. "Affordable housing forty percent unit" shall mean a dwelling unit that: (i) is situated within the eligible multiple dwelling for which AHCC program benefits are granted; and (ii) upon initial rental and upon each subsequent rental following a vacancy during the restriction period, is affordable to and restricted to occupancy by individuals or families whose household income does not exceed forty percent of the area median income, adjusted for family size, at the time that such household initially occupies such dwelling unit.

d. "Affordable housing unit" shall mean, collectively and individually: (i) an affordable housing forty percent unit; and (ii) any other unit that meets the affordability requirement upon initial rental and upon each subsequent rental following a vacancy during the restriction period, and is affordable to and restricted to occupancy by individuals or families whose household income does not exceed the income bands established in conjunction with such affordability

requirement.

e. "Agency" shall mean the New York city department of housing preservation and development.

f. "Application" shall mean an application for AHCC program benefits.

g. "Building service employee" shall mean any person who is regularly employed at, and performs work in connection with the care or maintenance of, an eligible multiple dwelling, including, but not limited to, a watchman, guard, doorman, building cleaner, porter, handyman, janitor, gardener, groundskeeper, elevator operator and starter, and window cleaner, but not including persons regularly scheduled to work fewer than eight hours per week at such eligible multiple dwelling.

h. "Commencement date" shall mean, with respect to an eligible conversion, the date upon which a permit is issued by the local department of buildings for alterations that require the issuance of a new certificate of occupancy, provided that such alterations constitute an eligible conversion.

i. "Completion date" shall mean the date upon which the local department of buildings issues the first temporary or permanent certificate of occupancy covering all residential areas of an eligible multiple dwelling.

j. "Construction period" shall mean, with respect to any eligible multiple dwelling, a period: (i) beginning on the later of the commencement date or three years before the completion date; and (ii) ending on the day preceding the completion date.

k. "Dwelling" or "dwellings" shall have the same meaning as set forth in subdivision four of section four of the multiple dwelling law.

l. "Eligible conversion" shall mean the conversion of a non-residential building, except a hotel or other class B multiple

dwelling, to an eligible multiple dwelling.

m. "Eligible multiple dwelling" shall mean a multiple dwelling which was subject to an eligible conversion in which: (i) all dwelling units included in any application are operated as rental housing; (ii) six or more dwelling units have been created through an eligible conversion; (iii) the commencement date is after December thirty-first, two thousand twenty-two and on or before June thirtieth, two thousand thirty-one; and (iv) the completion date is on or before December thirty-first, two thousand thirty-nine.

n. "Fiscal officer" shall mean the comptroller or other analogous officer in a city having a population of one million or more.

o. "Floor area" shall mean the horizontal areas of the several floors, or any portion thereof, of a dwelling or dwellings, and accessory structures on a lot measured from the exterior faces of exterior walls, or from the center line of party walls.

p. "Income band" shall mean a percentage of the area median income, adjusted for family size, that is a multiple of ten percent.

q. "Manhattan prime development area" shall mean any tax lot now existing or hereafter created which is located entirely south of 96th street in the borough of Manhattan.

r. "Market unit" shall mean a dwelling unit in an eligible multiple dwelling other than an affordable housing unit.

s. "Marketing band" shall mean maximum rent amounts ranging from twenty percent to thirty percent of the area median income or income band, respectively, that is applicable to a specific affordable housing unit.

t. "Multiple dwelling" shall have the same meaning as set forth in subdivision seven of section four of the multiple dwelling law.

u. "Non-residential building" shall mean a structure or portion of a structure, except a hotel or other class B multiple dwelling, having at least one floor, a roof and at least three walls enclosing all or most of the space used in connection with the structure or portion of the structure, which has a certificate of occupancy for commercial, manufacturing or other non-residential use for not less than ninety percent of the aggregate floor area of such structure or portion of such structure, or other proof of such non-residential use as is acceptable to the agency.

v. "Non-residential tax lot" shall mean a tax lot that does not contain any dwelling units.

w. "Rent stabilization" shall mean, collectively, the rent stabilization law of nineteen hundred sixty-nine, the rent stabilization code, and the emergency tenant protection act of nineteen seventy-four, all as in effect as of the effective date of this section or as amended thereafter, together with any successor statutes or regulations addressing substantially the same subject matter.

x. "Residential tax lot" shall mean a tax lot that contains dwelling units.

y. "Restriction period" shall mean a period commencing on the completion date and extending in perpetuity, notwithstanding any earlier termination or revocation of AHCC program benefits.

z. "Thirty-five year benefit shall mean: (i) for the construction period, a one hundred percent exemption from real property taxation, other than assessments for local improvements; (ii) for the first thirty years of the restriction period; (A) within the Manhattan prime development area, a ninety percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a sixty-five percent exemption from real property taxation, other than assessments for local improvements; (iii) for the thirty-first year of the restriction period, (A) within the Manhattan prime development area, an eighty percent

exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a fifty percent exemption from real property taxation, other than assessments for local improvements; (iv) for the thirty-second year of the restriction period, (A) within the Manhattan prime development area, a seventy percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a forty percent exemption from real property taxation, other than assessments for local improvements; (v) for the thirty-third year of the restriction period, (A) within the Manhattan prime development area, a sixty percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a thirty percent exemption from real property taxation, other than assessments for local improvements; (vi) for the thirty-fourth year of the restriction period; (A) within the Manhattan prime development area, a fifty percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a twenty percent exemption from real property taxation, other than assessments for local improvements; and (vii) for the thirty-fifth year of the restriction period, (A) within the Manhattan prime development area, a forty percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a ten percent exemption from real property taxation, other than assessments for local improvements.

aa. "Thirty year benefit" shall mean: (i) for the construction period, a one hundred percent exemption from real property taxation, other than assessments for local improvements; (ii) for the first twenty-five years of the restriction period, (A) within the Manhattan prime development area, a ninety percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a sixty-five percent exemption from real property taxation, other than assessments for local improvements; (iii) for the twenty-sixth year of the restriction period, (A) within the Manhattan prime development area, an eighty percent exemption from real property taxation, other than assessments for local improvements; and

(B) outside of the Manhattan prime development area, a fifty percent exemption from real property taxation, other than assessments for local improvements; (iv) for the twenty-seventh year of the restriction period, (A) within the Manhattan prime development area, a seventy percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a forty percent exemption from real property taxation, other than assessments for local improvements; (v) for the twenty-eighth year of the restriction period, (A) within the Manhattan prime development area, a sixty percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a thirty percent exemption from real property taxation, other than assessments for local improvements; (vi) for the twenty-ninth year of the restriction period, (A) within the Manhattan prime development area, a fifty percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a twenty percent exemption from real property taxation, other than assessments for local improvements; and (vii) for the thirtieth year of the restriction period, (A) within the Manhattan prime development area, a forty percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a ten percent exemption from real property taxation, other than assessments for local improvements.

bb. "Twenty-five year benefit" shall mean: (i) for the construction period, a one hundred percent exemption from real property taxation, other than assessments for local improvements; (ii) for the first twenty years of the restriction period; (A) within the Manhattan prime development area, a ninety percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a sixty-five percent exemption from real property taxation, other than assessments for local improvements; (iii) for the twenty-first year of the restriction period, (A) within the Manhattan prime development area, an eighty percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a

fifty percent exemption from real property taxation, other than assessments for local improvements; (iv) for the twenty-second year of the restriction period, (A) within the Manhattan prime development area, a seventy percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a forty percent exemption from real property taxation, other than assessments for local improvements; (v) for the twenty-third year of the restriction period, (A) within the Manhattan prime development area, a sixty percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a thirty percent exemption from real property taxation, other than assessments for local improvements; (vi) for the twenty-fourth year of the restriction period, (A) within the Manhattan prime development area, a fifty percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a twenty percent exemption from real property taxation, other than assessments for local improvements; and (vii) for the twenty-fifth year of the restriction period, (A) within the Manhattan prime development area, a forty percent exemption from real property taxation, other than assessments for local improvements; and (B) outside of the Manhattan prime development area, a ten percent exemption from real property taxation, other than assessments for local improvements.

2. Benefit. In cities having a population of one million or more, notwithstanding the provisions of any other general, special or local law to the contrary, a new eligible multiple dwelling, except a hotel, that complies with the provisions of this section shall be exempt from real property taxation, other than assessments for local improvements, in the amounts and for the periods specified in this section, provided that such eligible multiple dwelling is used or held out for use for dwelling purposes. An eligible multiple dwelling that has a commencement date on or before June thirtieth, two thousand twenty-six shall receive a thirty-five year benefit; an eligible multiple dwelling that has a commencement date on or before June thirtieth, two thousand twenty-eight shall receive a thirty year benefit; and an eligible multiple dwelling that has a commencement date on or before June thirtieth, two thousand

thirty-one shall receive a twenty-five year benefit.

3. Tax payments. In addition to any other amounts payable pursuant to this section, the owner of any eligible multiple dwelling receiving AHCC program benefits shall pay, in each tax year in which such AHCC program benefits are in effect, all assessments for local improvements.

4. Limitation on benefits for non-residential space. If the aggregate floor area of commercial, community facility and accessory use space in an eligible multiple dwelling exceeds twelve percent of the aggregate floor area in such eligible multiple dwelling, any AHCC program benefits shall be reduced by a percentage equal to such excess. If an eligible multiple dwelling contains multiple tax lots, the tax arising out of such reduction in AHCC program benefits shall first be apportioned pro rata among any non-residential tax lots. After any such non-residential tax lots are fully taxable, the remainder of the tax arising out of such reduction in AHCC program benefits, if any, shall be apportioned pro rata among the remaining residential tax lots. For the purposes of this section, accessory use space shall not include home occupation space or accessory parking space located not more than twenty-three feet above the curb level.

5. Application of benefit. Based on the certification of the agency certifying eligibility for AHCC program benefits, the department of finance shall determine the amount of the exemption pursuant to subdivisions two and four of this section and shall apply the exemption to the assessed value of the eligible multiple dwelling.

6. Affordability requirements. An eligible multiple dwelling shall comply with the affordability requirement defined in paragraph b of subdivision one of this section during the restriction period. An eligible multiple dwelling shall also comply with the following requirements during the restriction period:

a. All affordable housing units in an eligible multiple dwelling shall share the same common entrances and common areas as rental market rate units in such eligible multiple dwelling and shall not be isolated to a

specific floor or area of an eligible multiple dwelling. Common entrances shall mean any means of ingress or egress regularly used by any resident of a rental dwelling unit in the eligible multiple dwelling.

b. Unless preempted by the requirements of a federal, state or local housing program, either: (i) the affordable housing units in an eligible multiple dwelling shall have a unit mix proportional to the rental market units; or (ii) at least fifty percent of the affordable housing units in an eligible multiple dwelling shall have two or more bedrooms and no more than twenty-five percent of the affordable housing units shall have less than one bedroom.

c. Notwithstanding any provision of rent stabilization to the contrary: (i) all affordable housing units shall remain fully subject to rent stabilization during the restriction period; and (ii) any affordable housing unit occupied by a tenant that has been approved by the agency prior to the agency's denial of an eligible multiple dwelling's application for AHCC program benefits shall remain subject to rent stabilization until such tenant vacates such affordable housing unit.

d. All rent stabilization registrations required to be filed shall contain a designation that specifically identifies affordable housing units created pursuant to this section as "AHCC program affordable housing units" and shall contain an explanation of the requirements that apply to all such affordable housing units.

e. Failure to comply with the provisions of this subdivision that require the creation, maintenance, rent stabilization compliance, and occupancy of affordable housing units shall result in revocation of AHCC program benefits.

f. Nothing in this section shall: (i) prohibit the occupancy of an affordable housing unit by individuals or families whose income at any time is less than the maximum percentage of the area median income or income band, as applicable, adjusted for family size, specified for such

affordable housing unit pursuant to this section; or (ii) prohibit the owner of an eligible multiple dwelling from requiring, upon initial rental or upon any rental following a vacancy, the occupancy of any affordable housing unit by such lower income individuals or families.

g. Following issuance of a temporary certificate of occupancy and upon each vacancy thereafter, an affordable housing unit shall promptly be offered for rental by individuals or families whose income does not exceed the maximum percentage of the area median income or income band, as applicable, adjusted for family size, specified for such affordable housing unit pursuant to this section and who intend to occupy such affordable housing unit as their primary residence. An affordable housing unit shall not be: (i) rented to a corporation, partnership or other entity; or (ii) held off the market for a period longer than is reasonably necessary to perform repairs needed to make such affordable housing unit available for occupancy.

h. An affordable housing unit shall not be rented on a temporary, transient or short-term basis. Every lease and renewal thereof for an affordable housing unit shall be for a term of one or two years, at the option of the tenant.

i. An affordable housing unit shall not be converted to cooperative or condominium ownership.

j. The agency may establish by rule such requirements as the agency deems necessary or appropriate for: (i) the marketing of affordable housing units, both upon initial occupancy and upon any vacancy; (ii) monitoring compliance with the provisions of this subdivision; (iii) the establishment of marketing bands for affordable housing units;

(iv) identifying the permit or permits required for the determination of the commencement date under this section; and

(v) specifying the legal instrument by which the marketing, affordability, rent stabilization, permitted rent, and any other requirement associated with this benefit will be recorded and enforced. Such requirements may include, but need not be limited to, retaining a monitor approved by the agency and paid for by the owner of the eligible

multiple dwelling.

k. Notwithstanding any provision of this section to the contrary, a market unit shall not be subject to rent stabilization unless, in the absence of AHCC program benefits, the unit would be subject to rent stabilization.

7. Building service employees. a. For the purposes of this subdivision, (i) "applicant" shall mean an applicant for AHCC program benefits and/or any successor to such applicant; and (ii) "covered building service employer" shall mean any applicant and/or any employer of building service employees for such applicant including, but not limited to, a property management company or contractor.

b. All building service employees employed by the covered building service employer at the eligible multiple dwelling shall receive the applicable prevailing wage for the duration of the benefit period, regardless of whether such benefits provided pursuant to this section are revoked or terminated.

c. The fiscal officer shall have the power to enforce the provisions of this subdivision. In enforcing such provisions, the fiscal officer shall have the power: (i) to investigate or cause an investigation to be made to determine the prevailing wages for building service employees, and in making such investigation, the fiscal officer may utilize wage and fringe benefit data from various sources, including, but not limited to, data and determinations of federal, state or other governmental agencies; provided, however, that the provision of a dwelling unit shall not be considered wages or a fringe benefit; (ii) to institute and conduct inspections at the site of the work or elsewhere; (iii) to examine the books, documents and records pertaining to the wages paid to, and the hours of work performed by, building service employees; (iv) to hold hearings and, in connection therewith, to issue subpoenas, the enforcement of which shall be regulated by the civil practice law and rules, administer oaths and examine witnesses; (v) to make a classification by craft, trade or other generally recognized occupational category of the building service employees and to determine

whether such work has been performed by the building service employees in such classification; (vi) to require the applicant to file with the fiscal officer a record of the wages actually paid to the building service employees and of their hours of work; (vii) to delegate any of the foregoing powers to his or her deputy or other authorized representative; (viii) to promulgate rules as he or she shall consider necessary for the proper execution of the duties, responsibilities and powers conferred upon him or her by the provisions of this subdivision; and (ix) to prescribe appropriate sanctions for failure to comply with the provisions of this subdivision. For each violation of paragraph b of this subdivision, the fiscal officer may require the payment of (A) back wages and fringe benefits; (B) liquidated damages up to three times the amount of the back wages and fringe benefits for willful violations; and/or (C) reasonable attorneys' fees. If the fiscal officer finds that the applicant has failed to comply with the provisions of this subdivision, he or she shall present evidence of such non-compliance to the agency.

d. Paragraph b of this subdivision shall not be applicable to: (i) an eligible multiple dwelling containing less than thirty dwelling units; or (ii) an eligible multiple dwelling whose eligible conversion is carried out with the substantial assistance of grants, loans or subsidies provided by a federal, state or local governmental agency or instrumentality pursuant to a program for the development of affordable housing.

e. The applicant shall submit a sworn affidavit with its application certifying that it shall ensure compliance with the requirements of this subdivision or is exempt in accordance with paragraph d of this subdivision. Upon the agency's approval of such application, the applicant who is not exempt in accordance with paragraph d of this subdivision shall submit annually a sworn affidavit to the fiscal officer certifying that it shall ensure compliance with the requirements of this subdivision.

f. The agency shall annually publish a list of all eligible sites subject to the requirements of this subdivision and the affidavits

required pursuant to paragraph e of this subdivision.

g. If a covered building service employer has committed three violations of the requirements of paragraph (b) of this subdivision with respect to the same eligible multiple dwelling within a five-year period, the agency may revoke any benefits associated with such eligible multiple dwelling under this section. For purposes of this paragraph, a "violation" of paragraph (b) of this subdivision shall be deemed a finding by the fiscal officer that a covered building service employer has failed to comply with paragraph (b) of this subdivision and has failed to cure the deficiency within three months of such finding. Provided, however, that after a second such violation, the applicant shall be notified that any further violation may result in the revocation of benefits under this section and that the fiscal officer shall publish on its website a list of all applicants with two violations as defined in this paragraph. If benefits are terminated or revoked for failure to comply with this subdivision all of the affordable housing units shall remain subject to rent stabilization and all other requirements of this section for the duration of the restriction period, regardless of whether such benefits have been terminated or revoked.

8. Concurrent exemptions or abatements. An eligible multiple dwelling receiving AHCC program benefits shall not receive any exemption from or abatement of real property taxation under any other law.

9. Voluntary renunciation or termination. Notwithstanding the provisions of any general, special or local law to the contrary, an owner shall not be entitled to voluntarily renounce or terminate AHCC program benefits unless the agency authorizes such renunciation or termination in connection with the commencement of a tax exemption pursuant to the private housing finance law or section four hundred twenty-c of this title.

10. Termination or revocation. The agency may terminate or revoke AHCC program benefits for failure to comply with this section. All of the affordable housing units shall remain subject to rent stabilization and

all other requirements of this section for the duration of the restriction period, regardless of whether such benefits have been terminated or revoked.

11. Powers cumulative. The enforcement provisions of this section shall not be exclusive, and are in addition to any other rights, remedies or enforcement powers set forth in any other law or available at law or in equity.

12. Multiple tax lots. If an eligible multiple dwelling contains multiple tax lots, an application may be submitted with respect to one or more of such tax lots. The agency shall determine eligibility for AHCC program benefits based upon the tax lots included in such application and benefits for each such eligible multiple dwelling shall be based upon the completion date of each such multiple dwelling.

13. Applications. a. The application with respect to any eligible multiple dwelling shall be filed with the agency no earlier than the completion date and not later than one year after the completion date of such eligible multiple dwelling.

b. Notwithstanding the provisions of any general, special, or local law to the contrary, the agency may require by rule that applications be filed electronically.

c. The agency may rely on certification by an architect or engineer submitted by an applicant in connection with the filing of an application. A false certification by such architect or engineer shall be deemed to be professional misconduct pursuant to section sixty-five hundred nine of the education law. Any architect or engineer found guilty of such misconduct under the procedures prescribed in section sixty-five hundred ten of the education law shall be subject to the penalties prescribed in section sixty-five hundred eleven of the education law and shall thereafter be ineligible to submit a certification pursuant to this section.

d. Such application shall also certify that all taxes, water charges,

and sewer rents currently due and owing on the property which is the subject of the application have been paid or are currently being paid in timely installments pursuant to a written agreement with the department of finance or other appropriate agency.

14. Filing fee. The agency may require a filing fee of no less than three thousand dollars per dwelling unit in connection with any application, except that the agency may promulgate rules:

a. imposing a lesser fee for an eligible multiple dwelling whose eligible conversion is carried out with the substantial assistance of grants, loans or subsidies provided by a federal, state or local governmental agency or instrumentality pursuant to a program for the development of affordable housing; and

b. requiring a portion of the filing fee to be paid upon the submission of the information the agency requires in advance of approving the commencement of the marketing process for such eligible conversion.

15. Multiple residence. A non-residential building undergoing an eligible conversion shall be considered a multiple residence during the construction period.

16. Rules. Except as provided in subdivision seven of this section, the agency shall have the sole authority to enforce the provisions of this section and may promulgate rules to carry out the provisions of this section.

17. Penalties for violations of affordability requirements. a. On or after the expiration date of the benefit provided pursuant to this section, the agency may impose, after notice and an opportunity to be heard, a penalty for any violation by an eligible multiple dwelling of the affordability requirements of subdivision six of this section.

b. A penalty imposed under this subdivision shall be computed as a percentage of the capitalized value of all AHCC program benefits on the

eligible multiple dwelling, calculated as of the first year that benefits were granted, not to exceed one thousand percent. The agency shall establish a schedule and method of calculation of such penalties pursuant to subdivision sixteen of this section.

c. A penalty imposed under this subdivision shall be imposed against the owner of the eligible multiple dwelling at the time the violation occurred, even if such owner no longer owns such eligible multiple dwelling at the time of the agency's determination.

d. A person or entity who fails to pay a penalty imposed pursuant to this subdivision shall be guilty of a misdemeanor punishable by imprisonment not to exceed six months.