§ 489. Exemption from taxation of alterations and improvements to multiple dwellings to eliminate fire and health hazards; abatement. 1. (a) Any city to which the multiple dwelling law is applicable, acting through its local legislative body or other governing agency, is hereby authorized and empowered, to and including January first, two thousand twenty-two, to adopt and amend local laws or ordinances providing that any increase in assessed valuation of real property shall be exempt from taxation for local purposes, as provided herein, to the extent such increase results from:

(1) conversion of buildings or structures on such property to class A multiple dwellings not used in whole or in part for single room occupancy, including conversion of residential units qualified for the protection of article seven-C of the multiple dwelling law in buildings classified as interim multiple dwellings pursuant to such article to units which are in compliance with the standards of safety and fire protection set forth in article seven-B of the multiple dwelling law or to units which have a certificate of occupancy as class A multiple dwellings; or

(2) alterations or improvements, including as improvements asbestos abatement to the extent such asbestos abatement is required by federal, state or local law, on such property to eliminate unhealthy or dangerous conditions or to replace inadequate and obsolete sanitary facilities, any of which represent fire or health hazards, in any existing class A multiple dwellings or buildings consisting of one or two dwelling units over space used for commercial occupancy, except insofar as the gross cubic content of the building is increased thereby; or

(3) alterations or improvements on such property which are designed to conserve the use of fuel, electricity or other such energy sources in any dwellings or other buildings or structures described in clause one or two of this paragraph; or

(4) alterations or improvements to the exterior walls of dwellings or other buildings or structures on such property in order to comply with any provision of law regulating dwellings, buildings, or structures that are in an area designated as an historic or landmark area or that are designated as historic or landmark buildings or structures; or

(5) alterations or improvements constituting a moderate rehabilitation of a substantially occupied class A multiple dwelling within a city

having a population of one million or more as certified by the local housing agency pursuant to local law or rules and regulations; or

(6) alterations or improvements constituting a substantial rehabilitation of a class A multiple dwelling or a conversion of a building or structure into a class A multiple dwelling as part of a program to provide housing for low and moderate income households as defined by the local housing agency pursuant to rules and regulations, provided that such alterations or improvements or conversions shall be aided by a grant, loan or subsidy from any federal, state or local agency or instrumentality, including, in the discretion of the local housing agency, a subsidy in the form of a below market sale.

Such conversion, alterations or improvements shall be completed within thirty months after the date on which same shall be started except that such thirty month limitation shall not apply to conversions of residential units which are registered with the loft board in accordance with article seven-C of the multiple dwelling law pursuant to subparagraph one of this paragraph. Notwithstanding the foregoing, a sixty month period for completion shall be available for alterations or improvements undertaken by a housing development fund company organized pursuant to article eleven of the private housing finance law, which are carried out with the substantial assistance of grants, loans or subsidies from any federal, state or local governmental agency or instrumentality or which are carried out in a property transferred from such city if alterations and improvements are completed within seven years after the date of transfer. In addition, the local housing agency is hereby empowered to grant an extension of the period of completion for any project carried out with the substantial assistance of grants, loans or subsidies from any federal, state or local governmental agency or instrumentality, if such alterations or improvements are completed within sixty months from commencement of construction. Provided, further, that such conversion, alterations or improvements shall in any event be completed prior to June thirtieth, two thousand twenty-two. Exemption for conversions, alterations or improvements pursuant to subparagraph one, two, three or four of this paragraph shall continue for a period not to exceed fourteen years and begin no sooner than the first quarterly tax bill immediately following the completion of such

conversion, alterations or improvements. Exemption for alterations or improvements pursuant to this subparagraph or subparagraph five of this paragraph shall continue for a period not to exceed thirty-four years and shall begin no sooner than the first quarterly tax bill immediately following the completion of such alterations or improvements. Such exemption shall be equal to the increase in the valuation which is subject to exemption in full or proportionally under this subdivision for ten or thirty years, whichever is applicable. After such period of time, the amount of such exempted assessed valuation of such improvements shall be reduced by twenty percent in each succeeding year until the assessed value of the improvements are fully taxable. Provided, however, exemption for any conversion, alterations or improvements which are aided by a loan or grant under article eight, eight-A, eleven, twelve, fifteen or twenty-two of the private housing finance law, section six hundred ninety-six-a or section ninety-nine-h of the general municipal law, or section three hundred twelve of the housing act of nineteen hundred sixty-four (42 U.S.C.A. 1452b), or the Cranston-Gonzalez national affordable housing act (42 U.S.C.A. 12701 et. seq.), or started after July first, nineteen hundred eighty-three by a housing development fund company organized pursuant to article eleven of the private housing finance law which are carried out with the substantial assistance of grants, loans or subsidies from any federal, state or local governmental agency or instrumentality or which are carried out in a property transferred from any city and where alterations and improvements are completed within seven years after the date of transfer may commence at the beginning of any tax quarter subsequent to the start of such conversion, alterations or improvements and prior to the completion of such conversion, alterations or improvements.

(b) Any city to which the multiple dwelling law is not applicable, acting through its local legislative body or other governing agency, is hereby authorized and empowered, to and including June first, nineteen hundred seventy-two, to adopt and amend local laws or ordinances providing that any increase in assessed valuation resulting from alterations and improvements to eliminate presently existing unhealthy or dangerous conditions in any multiple dwellings occupied, as a rule, for permanent residence purposes or to replace inadequate and obsolete

sanitary facilities any of which represent fire or health hazards, in such dwellings except insofar as the gross cubic content of the building is increased thereby, shall be exempt from taxation for local purposes for a period not to exceed twelve years after the taxable status date immediately following the completion thereof, provided that the alterations or improvements for which the benefits of any such law or ordinance are claimed were started after March first, nineteen hundred sixty-two, and completed within two years from the date on which they were started and in any event prior to December thirty-first, nineteen hundred seventy-four.

1-a. Notwithstanding the provisions of subdivision one of this section, alterations, improvements or conversions of any building or structure that are eligible for benefits pursuant to paragraph (a) of subdivision one of this section except insofar as the gross cubic content of such building or structure is increased thereby shall be eligible for such benefits insofar as the gross cubic content of such building or structure is increased thereby provided that:

(a) for all tax lots now existing or hereafter created, at least fifty percent of the floor area of the completed building or structure consists of the pre-existing building or structure that was converted, altered or improved in accordance with paragraph (a) of subdivision one of this section, and

(b) for tax lots in the city of New York now existing or hereafter created within the following area in the borough of Manhattan, such conversions, alterations or improvements are aided by a grant, loan or subsidy from any federal, state or local agency or instrumentality: beginning at the intersection of the United States pierhead line in the Hudson river and the center line of Chambers street extended, thence easterly to the center line of Chambers street and continuing along the center line of Chambers street to the center line of Centre street, thence southerly along the center line of Centre street to the center line of the Brooklyn Bridge to the intersection of the Brooklyn Bridge and the United States pierhead line in the East river, thence northerly along the United States pierhead line in the East river to the intersection of the United States pierhead line in the East river and the center line of One Hundred Tenth street extended, thence westerly to

the center line of One Hundred Tenth street and continuing along the center line of One Hundred Tenth street to its westerly terminus, thence westerly to the intersection of the center line of One Hundred Tenth street extended and the United States pierhead line in the Hudson river, thence southerly along the United States pierhead line in the Hudson river to the point of beginning. For purposes of this subdivision, "floor area" shall have the same meaning as in paragraph b of subdivision one of section four hundred twenty-one-a of this title. Nothing in this subdivision shall be construed to provide benefits pursuant to subdivision two of this section for the costs attributable to the increased cubic content in any such building or structure.

2. (a) With respect to conversions, alterations or improvements eligible to receive the benefits of subdivision one of this section, any such local law or ordinance may also provide that the duration and amount of abatement of taxes on such property, including the land, may be separately established for each of the categories of eligibility described in paragraph a of subdivision one of this section, provided that:

(1) except as provided in subparagraphs two and three of this paragraph, the annual abatement of taxes on such property, including the land, shall not be an amount greater than eight and one-third per centum of the total cost of such conversion, alterations or improvements nor shall the abatement exceed the total cost of such conversions, alterations or improvements or be effective for more than twenty years and the annual abatement of taxes in any consecutive twelve-month period shall in no event exceed the amount of taxes payable in such twelve-month period;

(2) in the case of alterations or improvements (i) pursuant to subparagraph five of paragraph (a) of subdivision one of this section which are carried out with the substantial assistance of grants, loans or subsidies from any federal, state or local agency or instrumentality or any not-for-profit philanthropic organization one of whose primary purposes is providing low or moderate income housing or financed with mortgage insurance by the New York city residential mortgage insurance corporation or the state of New York mortgage agency or pursuant to a program established by the federal housing administration for

rehabilitation of existing multiple dwellings in a neighborhood strategy area as defined by the United States department of housing and urban development, or (ii) pursuant to subparagraph six of paragraph (a) of subdivision one of this section the abatement of taxes on such property, including the land, shall not exceed one hundred fifty per centum of the certified reasonable cost of the alterations or improvements, as determined under regulations of the local housing agency administering the local law, and the annual abatement of taxes shall not exceed twelve and one-half per centum of such certified reasonable cost, provided that such abatement shall not be effective for more than twenty years and the annual abatement of taxes in any consecutive twelve-month period shall in no event exceed the amount of taxes payable in such twelve-month period; or

(3) in the case of alterations or improvements carried out with the substantial assistance of grants, loans or subsidies from any federal, state or local agency or instrumentality or any not-for-profit philanthropic organization one of whose primary purposes is providing low or moderate income housing, or financed with mortgage insurance by the New York city residential mortgage insurance corporation or the state of New York mortgage agency or pursuant to program established by the federal housing administration for rehabilitation of existing multiple dwellings in a neighborhood strategy area as defined by the United States department of housing and urban development where such alterations or improvements are done on property located in census tracts in which seventy-five percent or more of the population live in households which earn fifty percent or less of the median household income of the city in which such census tracts are located, the abatement of taxes on such property, including the land, shall not exceed one hundred fifty per centum of the certified reasonable cost of the alterations or improvements, as determined under regulations of the local housing agency administering the local law, and the annual abatement of taxes shall not exceed twelve and one-half per centum of such certified reasonable cost, provided that such abatement shall not be effective for more than twenty years and the annual abatement of taxes in any consecutive twelve-month period shall in no event exceed the amount of taxes payable in such twelve month period.

(b) Such abatement:

(1) shall begin no sooner than the first quarterly tax bill immediately following the completion of such conversion, alterations or improvements, or

(2) in the case of any such conversion, alterations or improvements (i) completed after December thirty-first, nineteen hundred seventy-five and aided by a loan under article eight of the private housing finance law, or (ii) started after July first, nineteen hundred seventy-seven and aided by a loan under article fifteen of the private housing finance law, or (iii) started after July first, nineteen hundred eighty and aided by a loan under article eight-A of the private housing finance law or (iv) started after July first, nineteen hundred eighty and aided by a loan under section three hundred twelve of the housing act of nineteen hundred sixty-four (42 U.S.C.A. 1452b), or (v) started after July first, nineteen hundred ninety-two and aided by a loan or grant under article eleven, twelve, or twenty-two of the private housing finance law, section six hundred ninety-six-a or section ninety-nine-h of the general municipal law, or the Cranston-Gonzalez national affordable housing act (42 U.S.C.A. 12701 et. seq.), or (vi) started after July first, nineteen hundred eighty-eight by or on behalf of a company not qualifying under any of the above provisions which is a not-for-profit corporation qualified pursuant to section 501(c)(3) of the Internal Revenue Code and which has entered into a regulatory agreement with the local housing agency requiring operation of the property as housing for low and moderate income persons and families; may be commenced at the beginning of any tax quarter subsequent to the start of such conversion, alterations or improvements and prior to the completion of such conversion, alterations or improvements.

3. Any such local law or ordinance may also provide that where the improvements and alterations include or benefit that part of a building which is not occupied for dwelling purposes, the increase in assessed valuation and the cost of the alteration shall be apportioned so that the benefits of the local law or ordinance shall not be provided for improvements or alterations made for other than dwelling purposes.

4. Any such local law or ordinance may also provide that its benefits shall not become available to any multiple dwelling, building or

structure as provided in paragraph (a) of subdivision one of this section unless and until such multiple dwelling, building or structure as provided in paragraph (a) of subdivision one of this section complies with the applicable provisions of law. Any such law or ordinance may make provision as to the date as of which particular improvements and alterations shall be deemed to have been completed or commenced therefor, as the case may be, for the purpose of qualifying for the benefits thereof. Any such local law or ordinance may make provision authorizing the adoption of rules and regulations by the local agencies of government for the effectuation of the purposes of this section. Any such local law or ordinance shall provide that the benefits of this section shall apply to any multiple dwelling, building or structure as provided in paragraph (a) of subdivision one of this section, which (i) is operated exclusively for the benefit of persons or families who are entitled to occupancy by reason of ownership of stock or membership in the corporate owner, or for the benefit of such persons or families and other persons or families entitled to occupancy under applicable provisions of law without ownership of stock or membership in the corporate owner, or (ii) is owned as a condominium and is occupied as the residence or home of three or more families living independently of each other; provided, however, that any such law or ordinance shall make provision, in addition to all other conditions of eligibility for the benefits of this section, except for multiple dwellings in which units have been newly created by substantial rehabilitation of vacant buildings or conversions of non-residential buildings, that the availability of benefits under this section for such multiple dwellings, buildings or structures shall be conditioned on the following: (1) any items of work designated as a major capital improvement in the rules adopted by the local housing agency or asbestos abatement to the extent such asbestos abatement is required by federal, state or local law, and (2) (i) the assessed valuation of such multiple dwelling, building, or structure, including land, shall not exceed an average of forty thousand dollars per dwelling unit at the time of the commencement of the alterations or improvements, and (ii) the average per room sale price of the dwelling units or the stock allocated to such dwelling units shall have been no greater than thirty-five percent of the maximum mortgage amount for a single family home eligible for purchase by the Federal

National Mortgage Association during the three years immediately preceding the commencement of the alterations or improvements; provided that if less than ten percent of the dwelling units or an amount of stock less than the amount allocable to ten percent of such dwelling units was not transferred during such preceding three year period, eligibility for benefits shall be conditioned upon the multiple dwelling, building, or structure having an assessed valuation per dwelling unit of no more than forty thousand dollars at the time of the commencement of the alteration or improvements. Notwithstanding the foregoing, such local law shall also provide benefits under this section for work completed in any such multiple dwelling, building or structure within the first three years of its conversion to cooperative or condominium ownership, as evidenced by the date on which the first closing in a condominium to a bona fide purchaser occurs or in the case of a cooperative, the date on which the shares allocable to a unit are conveyed to a bona fide purchaser. Any such local law shall also limit the maximum amount of tax abatement which may be received in any tax period under this section by any such multiple dwelling, building or structure for any alterations and improvements commenced three years or more after its initial conversion to cooperative or condominium ownership to an amount not in excess of two thousand five hundred dollars per dwelling unit of the certified reasonable cost of the alterations or improvements as determined under regulations of the local housing agency administering the local law. Any such local law may also require such certifications and consents to access to records, including other tax records, as may be deemed appropriate to enforce such conditions of eligibility. Any such local law or ordinance shall provide that the local agencies of government shall establish maximum dollar limits for specified items of cost for any conversion, alterations or improvements. No costs in excess of such maximum dollar limits shall be considered in determining the benefits of this section.

4-a. Notwithstanding any contrary provision of subdivision four of this section, any such local law or ordinance shall provide that the availability of benefits under this section to any multiple dwelling, building or structure owned and operated by a limited-profit housing company established pursuant to article two of the private housing

finance law shall not be conditioned upon the assessed valuation of such multiple dwelling, building or structure, including land, as calculated as an average dollar amount per dwelling unit, at the time of the commencement of the alterations or improvements; provided, however, that such limited-profit housing company (a) is organized and operating as a mutual company, (b) continues to be organized and operating as a mutual company and to own and operate the multiple dwelling, building or structure receiving such benefits, and (c) has entered into a binding and irrevocable agreement with the commissioner of housing of the state of New York, the supervising agency, the New York city housing development corporation, or the New York state housing finance agency prohibiting the dissolution or reconstitution of such limited-profit housing company pursuant to section thirty-five of the private housing finance law for not less than fifteen years from the commencement of such benefits. For the purposes of this subdivision, the terms "mutual company" and "supervising agency" shall have the same meanings as set forth in section two of the private housing finance law.

4-a-1. Notwithstanding any contrary provision of subdivision four of this section, any such local law or ordinance shall provide that the availability of benefits under this section to any multiple dwelling, building or structure owned and operated by a redevelopment company established pursuant to article five of the private housing finance law shall not be conditioned upon the assessed valuation of such multiple dwelling, building or structure, including land, as calculated as an average dollar amount per dwelling unit, at the time of the commencement of the alterations or improvements: provided, however, that such redevelopment company (a) is organized and operating as a mutual redevelopment company, (b) continues to be organized and operating as a mutual redevelopment company and to own and operate the multiple dwelling, building or structure receiving such benefits, and (c) has entered into a binding and irrevocable agreement with the commissioner of housing and community renewal, the supervising agency, the New York city housing development corporation, or the New York state housing finance agency prohibiting the dissolution or reconstitution of such redevelopment company pursuant to section one hundred twenty-three of the private housing finance law until the earlier to occur of: (i) in

fifteen years from the commencement of such benefits, or (ii) the expiration of any tax exemption granted to such redevelopment company pursuant to section one hundred twenty-five of the private housing finance law. For the purposes of this subdivision, the terms "mutual" and "supervising agency" shall have the same meanings as set forth in section one hundred two of the private housing finance law.

4-b. Notwithstanding any contrary provision of the private housing finance law, any such local law shall provide that the benefits of this section shall apply to any limited profit housing company as provided in this section. In addition to the limitations set forth in subdivision eleven of this section, such multiple dwelling, building or structure shall be eligible for benefits only where at least one building wide improvement or alteration is part of the application for benefits. Furthermore, to the extent that such alterations or improvements are financed with grants, loans or subsidies from any federal, state, or local agency or instrumentality, such multiple dwelling, building or structure shall be eligible for benefits only if the limited profit housing company has entered into a binding and irrevocable agreement with the commissioner of housing of the state of New York, the supervising agency, as such term is defined in section two of the private housing finance law, the New York city housing development corporation, or the New York state housing finance agency prohibiting the dissolution or reconstitution of such limited profit housing company pursuant to section thirty-five of the private housing finance law for not less than fifteen years from the commencement of such benefits. The abatement of taxes on such property, including the land, shall not be an amount greater than ninety per centum of the certified reasonable cost of such alterations or improvements, as determined under regulations of the local housing agency administering the local law, nor greater than eight and one-third percent of such certified reasonable cost in any twelve month period, nor be effective for more than twenty years. The annual abatement of taxes in any twelve month period shall in no event exceed fifty percent of the amount of taxes payable in such twelve month period pursuant to the applicable exemption granted pursuant to article two of the private housing finance law or other applicable laws or fifty percent of payments made in lieu of taxes in such twelve month period.

4-c. (a) Any such local law may also provide that a group of multiple dwellings which was developed as a planned community and which is owned as two separate condominiums containing a total of ten thousand or more dwelling units shall be eligible for tax exemption and abatement as provided in this subdivision.

(b) Any increase in assessed valuation resulting from alterations or improvements to one or more multiple dwellings in a planned community described in paragraph (a) of this subdivision shall be exempt from taxation for local purposes. Such exemption shall be equal to the increase in the valuation which is subject to exemption under this paragraph for thirty years. After such period of time, the amount of such exempted assessed value shall be reduced by twenty percent in each succeeding year until the assessed value of the alterations or improvements is fully taxable. Such exemption may commence at the beginning of any tax quarter subsequent to the start of such alterations or improvements. In no event shall such alterations or improvements directly or indirectly result in an equalization increase in the assessed valuation of any multiple dwelling forming part of the planned community where such alterations or improvements are performed.

(c) The abatement of taxes on a planned community described in paragraph (a) of this subdivision, including the land, shall not exceed the greater of (i) one hundred fifty per centum of the certified reasonable cost of the alterations or improvements, as determined under the regulations of the local housing agency administering the local law, and (ii) the construction cost of the alterations or improvements identified in such regulations. Such abatement shall not be effective for more than twenty years and the annual abatement of taxes in any consecutive twelve-month period shall not be greater than ten per centum of the total abatement granted and shall not exceed the amount of taxes payable in such consecutive twelve-month period. Such abatement shall begin no sooner than the first quarterly tax bill immediately following the completion of such alterations or improvements. The limitations set forth in subdivision four of this section for multiple dwellings, buildings and structures owned as condominiums shall be inapplicable to benefits granted pursuant to this subdivision. Abatement benefits granted pursuant to this subdivision shall be apportioned among all of

the condominium tax lots within the condominium in which the alterations or improvements are made, although such alterations or improvements may have been made to one or fewer than all of the multiple dwellings therein.

(d) In the event that multiple alterations or improvements are undertaken in a planned community described in paragraph (a) of this subdivision and separate applications for benefits therefor are made, all requirements concerning physical condition of and compliance with law by the multiple dwellings in such planned community shall apply only upon completion of all such alterations or improvements, provided that all such alterations or improvements are completed within six years.

(e) Except as provided in this subdivision, all of the requirements imposed by this section on projects described in paragraph (a) of subdivision one of this section shall be applicable to alterations or improvements granted benefits pursuant to this subdivision.

(f) This subdivision shall be applicable only to alterations or improvements completed prior to December thirty-first, two thousand five.

5. To the end that conversions, alterations, and improvements aided by this section shall interfere as little as practicable with urgently needed public improvements or the clearance, rehabilitation, or rebuilding of substandard and unsanitary areas, and shall be confined to multiple dwellings, buildings or structures as provided in paragraph (a) of subdivision one of this section which are structurally sound, such local law or ordinance may provide that exemption or abatement from taxation hereunder shall be restricted to multiple dwellings, buildings or structures as provided in paragraph (a) of subdivision one of this section (a) which the local planning commission in any such city shall certify will not interfere with projected public improvements or the clearance and rebuilding of substandard and insanitary areas, and (b) which the local building department certifies to be structurally sound and (c) which, if in an area approved for clearance, replanning, reconstruction or neighborhood rehabilitation pursuant to chapter eight hundred eighty-seven of the laws of nineteen hundred forty-five, as from time to time amended, or if in an area designated for studies, tests, demonstrations and other activities for the prevention and elimination

of slums and urban blight pursuant to chapter six hundred eight of the laws of nineteen hundred fifty-six as from time to time amended, or if in an area for which a preliminary or final plan has been approved pursuant to chapters six hundred eighty-eight of the laws of nineteen hundred fifty-seven or nine hundred twenty-four of the laws of nineteen hundred fifty-eight, as from time to time amended, or chapter nine hundred seventy-one of the laws of nineteen hundred sixty, or if in an area for which an urban renewal plan or tests, studies or demonstrations have been approved pursuant to article fifteen of the general municipal law, is certified by the project board for the area as a dwelling which is to be or has been improved in conformity with such replanning, reconstruction, neighborhood improvement, studies, tests, demonstrations or plan.

6. Notwithstanding the provisions of the multiple dwelling law, multiple residence law, and any local law, ordinance, rule or regulation, any city to which this section is applicable acting through its local legislative body may provide, in a manner that shall be uniform as to any particular type or class of multiple dwelling, building or structure as provided in paragraph (a) of subdivision one of this section, that, any multiple dwelling, building or structure as provided in paragraph (a) of subdivision one of this section to which alterations and improvements are made pursuant to this section and which did not require a certificate of occupancy on April second, nineteen hundred forty-five, and, in the case of multiple dwellings, buildings or structures as provided in paragraph (a) of subdivision one of this section to which the multiple residence law is applicable, on July first, nineteen hundred fifty-two, may not be occupied lawfully after such date upon the completion of such alterations and improvements without a certificate of occupancy.

7. Any local law or ordinance may also provide any or all of the following:

(a) The benefits of this section shall not apply to any multiple dwelling, building or structure as provided in paragraph (a) of subdivision one of this section in which rents, subsequent to alterations and improvements, shall exceed such amount, if any, as may

be fixed by the local legislative body or by the municipal agency designated by the local legislative body of the municipality involved, based upon a standard formula.

(b) (1) The benefits of this section shall not apply to any multiple dwelling, building or structure as provided in paragraph (a) of subdivision one of this section which is not subject to the provisions of the emergency housing rent control law or to local law enacted pursuant to the local emergency housing rent control act, where the local legislative body or other governing agency of the municipality involved shall prescribe that the benefits herein provided shall not apply to such multiple dwelling, building or structure as provided in paragraph (a) of subdivision one of this section provided that such local legislative body or other governing agency shall not use the authority conferred in this paragraph (b) to rescind any benefits granted under former section five-h of the tax law prior to July first, nineteen hundred fifty-eight; and further provided that where the benefits provided herein or under such former section five-h of the tax law are granted or had been granted on or after July first, nineteen hundred fifty-eight, to any multiple dwelling, building or structure which is decontrolled subsequent to the granting of such benefits, the local legislative body or other governing agency may withdraw such benefits from such dwelling.

(2) Any dwelling unit subject to rent regulation on or before the effective date of this subparagraph as a result of receiving a tax exemption or abatement pursuant to this section shall be subject to such regulation until the occurrence of the first vacancy of such unit after such benefits are no longer being received at which time such unit shall be deregulated or if each lease and renewal thereof for such unit for the tenant in residence at the time of the expiration of the tax benefit period has included a notice in at least twelve point type informing such tenant that the unit shall become subject to deregulation upon the expiration of such tax benefit period and states the approximate date on which such tax benefit period is scheduled to expire, such dwelling unit shall be deregulated as of the end of the tax benefit period; unless such unit would have been subject to regulation under the rent stabilization law of nineteen hundred sixty-nine or the emergency tenant protection act of nineteen seventy-four.

(c) The benefits of this section shall apply to any multiple dwelling, building or structure as provided in paragraph (a) of subdivision one of this section occupied, as a rule, for permanent residence purposes and which is not used in whole or in part for single room occupancy and which is not subject to the provisions of the emergency housing rent control law or to local law enacted pursuant to the local emergency housing rent control act, provided that it is located within an area which has been designated by the local planning commission under the provisions of section seventy-two-m of article fifteen of the general municipal law or where a program of local neighborhood improvement or housing maintenance is being carried out under the supervision or with the assistance of the local government and provided that the rents or carrying charges, subsequent to alterations and improvements, (1) shall not exceed such amount, if any, as may be fixed by the local legislative body or by the municipal agency designated by the local legislative body of the municipality involved, based upon a standard formula, or (2) where the local legislative body so provides, shall not exceed such amount, if any, as may be fixed for such multiple dwelling, building or structure as provided in paragraph (a) of subdivision one of this section pursuant to any local law enacted pursuant to the local emergency housing rent control act, and further provided that prior to such alterations and improvements, the multiple dwelling, building or structure as provided in paragraph (a) of subdivision one of this section, if a multiple dwelling, was either a multiple dwelling occupied, as a rule, as a temporary or transient residence or occupied, as a rule, for permanent residence purposes and used in whole or in part for single room occupancy.

(d) The benefits of this section shall apply to any building or structure as provided in paragraph (a) of subdivision one of this section, provided that the rents or carrying charges subsequent to conversion (1) shall not exceed such amount, if any, as may be fixed by the local legislative body or by the municipal agency designated by the local legislative body of the municipality involved, based upon a standard formula, or (2) where the local legislative body so provides, shall not exceed such amount, if any, as may be fixed for such dwelling pursuant to any local law enacted pursuant to the local emergency housing rent control act.

8. Notwithstanding any other provision of this section the benefits of this section shall not apply to any private dwelling unless it is in an area defined by clause (c) of subdivision five of this section and is certified by the project board for the area as a dwelling which is to be or has been improved in conformity with such replanning, reconstruction, neighborhood improvement, studies, tests, demonstrations or plan. Notwithstanding the foregoing, for purposes of this section and any local law enacted pursuant hereto a class A multiple dwelling may be deemed to include any garden-type maisonette dwelling project consisting of a series of dwelling units which together and in their aggregate were arranged or designed to provide three or more apartments and are provided as a group collectively with all essential services such as, but not limited to, water supply, house sewers and heat, and which are in existence and operated as a unit under single ownership on the date upon which an application for the benefits of this section is received by the city, even though certificates of occupancy were issued for portions thereof as private dwellings.

8-a. Notwithstanding the provisions of subdivision eight of this section to the contrary, unless excluded by local law, the benefits of this section may apply to: (i) alterations or improvements to any private dwelling; (ii) conversion of any private dwelling to a multiple dwelling; or (iii) conversion of any multiple dwelling to a private dwelling, provided that such alterations, improvements or conversion are part of a project which has applied for or is receiving benefits pursuant to this section and shall be aided by a grant loan, or subsidy from any federal, state, or local agency or instrumentality.

9. (a) During the period of such exemptions the assessment on any such land and dwelling after such alterations and improvements, exclusive of the increase in valuation which is subject to exemption in full or proportionally under subdivision one of this section, shall not exceed the valuation of the previously existing dwelling appearing on the assessment rolls after the taxable status date immediately preceding the commencement of such alterations and improvements plus the value of the land, any improvements other than those made under the provisions of

this section and the proportion of increased assessed valuation that is not exempt from taxation under this section, which proportion shall remain constant during the term of the exemption. Where the alteration or improvement qualifies under subparagraph two of paragraph (a) of subdivision two of this section or under clause (A) or (B) of subparagraph one of paragraph (a) of subdivision eleven of this section, the exemption shall also include an exemption from taxation for local purposes for twelve years upon that portion of the assessment, if any, which exceeds the transition assessment, as defined in subdivision two of section eighteen hundred five of this chapter, in effect at the time of the commencement of the exemption hereunder.

(b) Notwithstanding the provisions of paragraph (a) of this subdivision, except as provided in subparagraph three of this paragraph, for buildings in which alterations, improvements or conversions qualifying for an exemption under this section are commenced on or after the date on which this paragraph becomes a law:

(1) The assessed value of the building during the period of the exemption shall be pro-rated between the exempt and taxable portions of the building assessment so that throughout the exemption period the exempt portion of the building assessment shall bear the same relationship to the non-exempt portion of the building assessment as it did on the final tax roll on which an exemption was first available to such building for alterations or improvements made pursuant to this section or on the last tax roll on which such ratio was changed by reason of additional improvements, whichever results in the greatest percentage of exempt assessed valuation; provided, however, that increases in building value due to (i) additional improvements that do not qualify for an exemption under this section, (ii) increases in the value of non-residential portions of the building, or (iii) non-exempt additions to cubic content shall not be pro-rated, but shall be fully taxable.

(2) Reductions in the assessed value of the building during the period of the exemption shall be pro-rated between the taxable and exempt portions of the building assessment in the proportion which was established pursuant to subparagraph one of this paragraph on the final tax roll for the first fiscal year for which an exemption was granted pursuant to this section, or on the last tax roll on which such ratio

was changed by reason of additional improvements, whether exempt or non-exempt, or due to changes in the assessed value of fully taxable space. In no case, however, shall the value of an exemption granted pursuant to this section be reduced during the period for which such exemption was granted, by reason of a reduction in the assessed value of the building, to an amount less than the amount of exemption appearing on the first tax roll following the grant of this exemption.

(3) During the first three years of such exemptions, the assessment on any such land and dwelling shall be determined in accordance with paragraph (a) of this subdivision.

10. In cities with a population of one million or more, any such local law or ordinance may require that, prior to application for any tax exemption or abatement pursuant to this section, relocation awards be paid to certain displaced manufacturing and other tenants under the terms and conditions set forth below:

(a) Relocation awards for certain tenants of non-residential buildings. Such local law or ordinance shall limit eligibility for such a relocation award to former tenants and former subtenants of premises in a non-residential building which is the subject of an application for an alteration permit for conversion to a class A multiple dwelling, who:

(1) leased and used the vacated premises to conduct a manufacturing, warehousing, or wholesaling business for not less than two consecutive years immediately prior to vacating;

(2) vacated such premises on or after April first, nineteen hundred eighty-one for any reason other than eviction for non-payment of rent;

(3) vacated such premises (i) no earlier than twenty-four months prior to the filing date of an application for such alteration permit and (ii) no later than the completion of the conversion as evidenced by the issuance of a permanent certificate of occupancy for a class A multiple dwelling;

(4) either purchased or leased for a term of not less than eighteen months other premises within such city with a floor area not less than one-third of the floor area of the vacated premises;

(5) relocated their business to such other premises within one year of vacating the vacated premises; and

(6) paid all commercial rent or occupancy tax for the vacated

premises. A subtenant shall be eligible to receive a relocation award notwithstanding any lack of eligibility of its prime tenant.

(b) Amount of relocation award. The relocation award shall not exceed the greater of (1) all the base rent that accrued and was paid by the eligible tenant during the final twenty-four months of its occupancy of the vacated premises or (2) four dollars for each square foot that the eligible tenant occupied in the vacated premises during the final twenty-four months of its occupancy of the vacated premises. As used in this subdivision, base rent shall be calculated in the same manner as base rent is calculated for purposes of commercial rent or occupancy tax in the city of New York, or in any such city. However, the aggregate award payable to a prime tenant and any subtenants of such prime tenant shall not exceed the amount which would have been payable to the prime tenant had the prime tenant been eligible for an award based on the entire floor area it leased from the owner; and if such limitation applies, the awards shall be prorated based upon the total floor area used and occupied by each eligible tenant.

(c) Payment of award. The relocation award shall become due and payable to an eligible tenant at the time the eligible tenant either purchases or leases other premises in accordance with paragraph (a) above within such city and certifies eligibility to and demands payment of the award from the owner of the vacated building. If the relocation award is not paid within thirty days of such certification and demand, interest shall accrue on the relocation award from the date of certification and demand at the rate of twenty-four percent per annum.

(d) Notice of claim. At any time after such certification and demand and prior to the date of the filing of an application for tax exemption or abatement for the vacated building pursuant to this section, an eligible tenant who has not received a relocation award shall have a right to file a notice of claim. Such notice of claim shall be filed with the county clerk of the county in which the vacated building is located and shall verify the claimant's name, its compliance with eligibility requirements, the address of the vacated premises, the floor area it occupied, the name of the prime tenant if the claimant is a subtenant, and all the base rent that accrued and was paid by the claimant during the final twenty-four months of its occupancy.

(e) Discharge of notice of claim. A notice of claim may be discharged

by filing an undertaking with the clerk of the county in which the premises are located in an amount equal to the amount claimed in accordance with the procedures set forth in subdivision four of section nineteen of the lien law, or by payment into court of such amount in accordance with the procedures set forth in section fifty-five of the lien law.

(f) Affidavit and notice as a condition to tax benefits. No tax exemption or abatement shall be granted pursuant to this section unless the local municipal agency responsible for administering this section receives an affidavit from the applicant which verifies that:

(1) the applicant has caused to be published a notice in a newspaper of general circulation within the city, no later than sixty days prior to filing of an application for tax exemption or abatement pursuant to this section, which advises former tenants and subtenants of their rights pursuant to any local law or ordinance enacted pursuant to this subdivision; and

(2) no notice of claim has been filed or all claims have been released by the claimant, secured in accordance with the provisions of paragraph (e) of this subdivision, or discharged as an improper claim by a court order.

(g) Action on claim. If an eligible tenant or subtenant has duly filed a notice of claim pursuant to this subdivision and does not receive a relocation award as provided herein, it may commence an action against any applicant who filed a false affidavit pursuant to paragraph (f) of this subdivision within three years of such filing or any security posted by such applicant pursuant to paragraph (e) of this subdivision. In any action to enforce a claim pursuant to this subdivision, if the court finds that the claimant has wilfully exaggerated the amount of the claim, the claimant may be held liable in damages for an amount not to exceed the proper relocation award. An eligible tenant in whose favor a judgment is entered shall be entitled to costs and reasonable legal fees and disbursements provided that such judgment is in excess of the amount which the applicant or owner offered to pay the eligible tenant.

(h) Waiver. Any lease provision exempting, releasing or discharging the obligation to pay a relocation award pursuant to this subdivision shall be deemed to be void as against public policy and wholly unenforceable.

(i) Local zoning resolution. The provisions of this subdivision ten shall not apply if the local zoning resolution expressly provides for relocation loans and/or grants in lieu of the benefits of this subdivision.

11. Limitations of benefits. (a) Applicability. The provisions of this subdivision apply to all conversions, alterations and improvements under this section. However, they shall not apply to:

(1) alterations or improvements under subparagraph two, three or four of paragraph (a) of subdivision one of this section, where carried out:

(A) with the substantial assistance of grants, loans or subsidies from any federal, state or local agency or instrumentality, or any not-for-profit philanthropic organization one of whose primary purposes is providing low or moderate income housing; or

(B) with mortgage insurance by the New York city residential mortgage insurance corporation or the state of New York mortgage agency; or

(C) in a neighborhood preservation area, as such areas were designated by the New York city planning commission as of June first, nineteen hundred eighty-three, provided that such area or part of such area wherein the property is located has been approved as provided herein by the city council of the city of New York. No such area or part thereof shall be approved by the city council until notice of the area or part thereof proposed to be approved is submitted to every community board with jurisdiction over the area or part thereof, and (i) every such community board has made and submitted to the city council comments as to the proposed approval, or (ii) forty-five days have elapsed since such notice was submitted to such community boards, whichever is earlier; and

(D) pursuant to a program established by the federal housing administration, federal national mortgage association, federal home loan mortgage corporation or government national mortgage association for the rehabilitation of existing multiple dwellings for persons of low or moderate income, or a program of mortgage insurance for the rehabilitation of existing multiple dwellings pursuant to section two hundred twenty-three-f of the national housing act as amended, or a program of mortgage insurance established by the federal housing administration for the rehabilitation of existing multiple dwellings for

persons of low or moderate income; provided that properties receiving benefits under such programs are located in a neighborhood strategy area, as defined, by the United States department of housing and urban development, or a neighborhood preservation area, as such areas were designated by the New York city planning commission, as of June first, nineteen hundred eighty-three.

(2) alterations or improvements under subparagraphs five and six of paragraph (a) of subdivision one of this section; or

(2-a) Conversion of buildings or structures to class A multiple dwellings pursuant to subparagraph one of paragraph (a) of subdivision one of this section, where such conversions are undertaken by a not-for-profit philanthropic organization or undertaken on properties which receive mortgage insurance from the New York city residential mortgage insurance corporation, or state of New York mortgage agency, provided that such property is (i) located in a neighborhood preservation area as such areas were designated by the city planning commission on June first, nineteen hundred eighty-three, and (ii) such property has been vacant since January first, nineteen hundred eighty-two, and (iii) prior to becoming vacant such property was last utilized for governmental, educational, hospital or nursing home purposes.

(3) conversions of residential units qualified for the protection of article seven-C of the multiple dwelling law under subparagraph one of paragraph (a) of subdivision one of this section.

(b) Abatement limitations. The amount of abatement under subdivision two of this section shall not exceed the certified reasonable cost of the conversion, alteration or improvement, as determined under regulations of the local housing agency administering the local law, provided that the amount of certified reasonable cost eligible for abatement under this section shall not exceed fifteen thousand dollars for a dwelling unit of three and one-half rooms and a comparable amount for dwelling units of other sizes, under regulations of the local housing agency, and further provided that the amount of certified reasonable cost eligible for abatement under this section may exceed fifteen thousand dollars or such comparable amount per dwelling unit, but not more than twenty-five percent above such amount, upon application of the property owner and a determination by the housing

agency that:

(1) in the case of a conversion under subparagraph one of paragraph (a) of subdivision one of this section, the increased cost is necessary to comply with applicable law; or

(2) in the case of an alteration or improvement under subparagraph two of paragraph (a) of subdivision one of this section, the increased cost is necessary to eliminate the unhealthy or dangerous conditions or replace the inadequate and obsolete facilities in a satisfactory manner; or

(3) in the case of an alteration or improvement under subparagraph three of paragraph (a) of subdivision one of this section, the increased cost is necessary to conserve energy in a satisfactory manner; or

(4) in the case of an alteration or improvement under subparagraph four of paragraph (a) of subdivision one of this section, the increased cost, to the extent such cost is not offset by any and all tax credits received as a result of the alteration or improvement, is necessary to comply with any provision of law regulating historic or landmark buildings or structures.

(b-1) For the purpose of the abatement limitations contained in the opening paragraph of paragraph (b) of this subdivision, the number of rooms in a dwelling unit shall be calculated in the following manner: Each dwelling unit with at least one room which either (1) contains no cooking facilities and measures at least one hundred fifty square feet, or (2) contains cooking facilities and measures at least two hundred thirty square feet, shall count as two and one-half rooms. Every other room in the dwelling unit separated by either walls or doors, including bedrooms, shall count as an additional room, provided, however, that kitchens, cooking facilities, bathrooms, corridors or balconies shall not count as an additional room. To be included, a room must meet the requirements of habitability as provided in the relevant housing maintenance code.

(c) Exemption limitations. (1) The increase in assessed valuation of the real property located in the borough of Manhattan south of or adjacent to the south side of one hundred tenth street resulting from the conversion, alteration or improvement under paragraph (a) of subdivision one of this section, shall be exempt from taxation as provided in this section, only to the extent provided in this

subparagraph. The amount of the increased assessed valuation that is exempt from taxation shall depend on the amount of the total assessed valuation per dwelling unit calculated by dividing the amount of the total assessed valuation of the property, as determined under this chapter, by the number of dwelling units in the building after completion of the conversion, alteration or improvement. The amount of increased assessed valuation that will be exempt from taxation for buildings with total assessed valuation per dwelling unit of less than thirty-eight thousand dollars shall be calculated pursuant to the following formula: (A) any portion of total assessed valuation of the property attributable to the first eighteen thousand dollars of total assessed valuation per dwelling unit, to the extent it represents increased assessed valuation, shall be one hundred percent exempt; (B) any portion of total assessed valuation attributable to the next four thousand dollars of total assessed valuation per dwelling unit, to the extent it represents increased assessed valuation, shall be seventy-five percent exempt; (C) any portion of total assessed valuation attributable to the next four thousand dollars of total assessed valuation per dwelling unit, to the extent it represents increased assessed valuation, shall be fifty percent exempt; (D) any portion of total assessed valuation attributable to the next four thousand dollars of total assessed valuation per dwelling unit, to the extent it represents increased assessed valuation, shall be twenty-five percent exempt; (E) any portion of total assessed valuation attributable to the next eight thousand dollars of total assessed valuation per dwelling unit, to the extent it represents increased assessed valuation per dwelling unit, shall be fully taxable. Property with a total assessed valuation per dwelling unit of thirty-eight thousand dollars or more shall not be eligible for a tax exemption under this section.

(2) In calculating the amount of increased assessed valuation that will be exempt from taxation pursuant to the formula in subparagraph one of this paragraph, the full amount of total assessed valuation that does not represent increased assessed valuation shall be applied in such formula prior to the inclusion of any amount of increased assessed valuation.

(3) Where the real property is occupied in part for residential purposes and in part for non-residential purposes, the assessed

valuation of the property shall be appropriately allocated between the residential and non-residential portions. In computing the total assessed valuation per dwelling unit under this paragraph, only the amount of valuation so allocated to the residential portion shall be considered.

(4) Commencing with the assessment roll for the year nineteen hundred eighty-four, where there has been a change in the level of assessment from the assessment roll of the prior year of properties receiving exemptions under this section, the local agency responsible for assessment of real property may petition the commissioner to certify the percentage of such change for the purposes of this section. In such petition, the local agency shall submit such information as the commissioner shall require in order to certify the percentage of such change. The commissioner may also make such a certification on its own motion. Upon receipt of such certification from the commissioner, the local housing agency may modify the dollar values of total assessed valuation per dwelling unit in subparagraph one of this paragraph to reflect the percentage change in the level of assessment as shown in such certification. As used in this subparagraph, the term "change in the level of assessment" means the net increase or decrease in the assessed valuation of properties in the assessing unit that received exemptions under this section in the current year as compared to those that received exemptions under this section in the prior year as a result of assessing such properties at a higher or lower ratio of full value.

(5) (A) Notwithstanding the provisions of subparagraph one of this paragraph, the local housing agency may reduce or remove the limitations on the exemption from taxation provided in such subparagraph with respect to a particular property undergoing alteration or improvement, upon application of the property owner and a determination by the agency that:

(i) The increased benefit will increase the number of dwelling units or improve the quality of dwelling units that will be affordable to persons of low or moderate income; and

(ii) The increased benefit is necessary to make economically viable the increase in the number of dwelling units or improvement in the quality of dwelling units that will be affordable to persons of low or

moderate income.

(B) As used in this subparagraph, the term persons of low or moderate income shall be persons who would qualify for housing subsidies pursuant to section two hundred thirty-five of the national housing act, as amended, at one hundred thirty-five percent of the income limitations provided herein.

(C) Upon receiving an application under this subparagraph in proper form, the local housing agency shall immediately submit it to the community board for the area in which the project is located, which may, within forty-five days of receiving it and after a public hearing, make recommendations to the agency as to the application. The agency shall act on the application within sixty days of receiving it from the property owner in proper form, but not before expiration of the time for the community board to make its recommendations, unless the board has acted sooner.

(d) The local housing agency may set forth preliminarily the terms of a determination under paragraph (b) or (c) of this subdivision prior to the commencement of the conversion, alteration or improvement. Any such determination shall take effect after completion of the work.

(e) Publication of local housing agency determinations. Any determination of the local housing agency to increase an abatement under paragraph (b) of this subdivision or to reduce or remove the exemption limitations under paragraph (c) of this subdivision shall state the basis for the determination and the data on which the determination was based. Such determination shall be published in the official publication of the city, or if no such publication exists in a newspaper with general circulation in the city, for five consecutive days after the determination is rendered.

(f) Proration of assessed valuation. Notwithstanding the provisions of paragraph (b) of subdivision nine of this section, the provisions of this paragraph shall apply to changes in assessments resulting from conversion, alterations or improvements which are not subject to the abatement or exemption limitations of paragraphs (b) and (c) of this subdivision. During the period of such exemptions the assessment on any such land and dwelling after such alterations and improvements, exclusive of the increase in valuation which is subject to exemption in full or proportionally under subdivision one of this section, shall not

exceed the valuation of the previously existing dwelling appearing on the assessment rolls after the taxable status date immediately preceding the commencement of such alterations and improvements plus the value of the land, any improvements other than those made under the provisions of this section and the proportion of increased assessed valuation that is not exempt from taxation under this section, which proportion shall remain constant during the term of the exemption. Where the alteration or improvement qualified under subparagraph two of paragraph (a) of subdivision two of this section or under clause (A) or (B) of subparagraph one of paragraph (a) of this subdivision, the exemption shall also include an exemption from taxation for local purposes for twelve years upon that portion of the assessment, if any, which exceeds the transition assessment, as defined in subdivision two of section eighteen hundred five of this chapter, in effect at the time of commencement of the exemption hereunder.

12. Harassment. (a) The provisions of this subdivision apply to and are additional requirements for claiming or receiving:

(1) any tax exemption under this section; or

(2) any tax abatement under this section where the certified reasonable cost per dwelling unit of the conversion, alteration or improvement (including the cost of any conversion, alteration or improvement for which an abatement was approved within four years prior to commencement of the conversion, alteration or improvement) exceeds seven thousand five hundred dollars.

(b) The owner of the property shall, not less than thirty days before the commencement of the conversion, alteration or improvement (hereinafter referred to as the "cut-off date"), file with the local housing agency administering the local law, an affidavit or, where any information referred to in subparagraph one of this paragraph changes prior to applying for or claiming any benefit under this section, an amending affidavit, setting forth the following information:

(1) every owner of record and owner of a substantial interest in the property or entity owning the property or sponsoring the conversion, alteration or improvement;

(2) a statement that none of such persons had, within the five years prior to the cut-off date, been found to have harassed or unlawfully

evicted tenants by judgment or determination of a court or agency (including a non-governmental agency having appropriate legal jurisdiction) under the penal law, any state or local law regulating rents or any state or local law relating to harassment of tenants or unlawful eviction; and

(3) any change in the information required to be set forth.

(c) No conversion, alteration or improvement subject to this subdivision shall be eligible for tax exemption or tax abatement under this section where:

(1) any affidavit required under this subdivision has not been filed; or

(2) any such affidavit contains a willful misrepresentation or omission of any material fact; or

(3) any person referred to in subparagraph one of paragraph (b) of this subdivision has been found to have harassed or unlawfully evicted tenants as described in that paragraph, until and unless the finding is reversed on appeal, provided that any such finding after the cut-off date shall not apply to or affect any tax abatement or exemption for the conversion, alteration or improvement covered by the affidavit.

(d) The local housing agency administering this law and the local government agency responsible for real property tax assessment shall maintain a list of affidavits as described in paragraph (b) of this subdivision. Each agency shall review that list with respect to each application or claim for benefits subject to this subdivision.

(e) "Substantial interest" as used in subparagraph one of paragraph (b) of this subdivision shall mean ownership of an interest of ten per centum or more in the property or entity owning the property or sponsoring the conversion, alteration or improvement.

(f) Where the conversion, alteration or improvement is commenced before August first, nineteen hundred eighty-three, the cut-off date shall be as set forth in this subdivision, but no affidavit shall be required to be filed until thirty days after the effective date of this subdivision.

13. Additional limitation. The benefits of this section shall not apply to any conversion of or alteration or improvement to any class B multiple dwelling or class A multiple dwelling used in whole or in part

for single room occupancy, regardless of the status or use of the building after the conversion, alteration or improvement unless such conversion, alteration or improvement is carried out with the substantial assistance of grants, loans or subsidies from any federal, state or local agency or instrumentality.

14. Conversion of properties to residential use. The benefits of this section shall not apply to any conversion of property to residential use where the conversion was contrary to the applicable zoning resolution and was permitted only by virtue of a variance as to use, unless the local law is amended to explicitly provide that benefits shall be available in such cases. The provisions of this subdivision do not apply to conversions of residential units qualified for the protection of article seven-C of the multiple dwelling law under subparagraph one of paragraph (a) of subdivision one of this section.

15. Authority of city to limit local law. Where a city enacts or amends a local law under this section, the local law may restrict, limit or condition the eligibility, scope or amount of the benefits under the local law in any manner, provided that the local law may not grant benefits beyond those provided in this section.

16. Institutional lenders; cost certification. The rules of the local housing agency administering such local law or ordinance shall make provision for circumstances in which an institutional mortgage lender (as defined in such rules) which has provided financing for alterations or improvements to a building or structure and has become a successor in interest (as defined in such rules) to the original owner of such building or structure, after diligent efforts to obtain original contracts, checks and other records normally reviewed by such agency to verify claimed costs, is unable to obtain part or all of such records. Under such circumstances the rules shall permit substitution in whole or in part, as the case may be, of documentation certified by the lender showing the amounts advanced by the lender pursuant to the mortgage loan to finance such alterations or improvements, along with such other documentation as the agency may require.

17. (a) For purposes of this subdivision, "substantial governmental assistance" shall mean:

(i) grants, loans or subsidies from any federal, state or local agency or instrumentality in furtherance of a program for the development of affordable housing approved by the local housing agency, including, without limitation, financing or insurance provided by the state of New York mortgage agency of the New York city residential mortgage insurance corporation; or

(ii) a written agreement between a housing development fund corporation and the local housing agency limiting the incomes of persons entitled to purchase shares or rent housing accommodations therein.

(b) Any local law or ordinance providing for benefits pursuant to this section must also provide the following with respect to conversions, alterations or improvements completed on or after December thirty-first, two thousand eleven:

(i) except as otherwise provided in this section with respect to multiple dwellings, buildings and structures owned and operated either by limited-profit housing companies established pursuant to article two of the private housing finance law or redevelopment companies established pursuant to article five of the private housing finance law, or with respect to a group of multiple dwellings that was developed as a planned community and that is owned as two separate condominiums containing a total of ten thousand or more dwelling units, any multiple dwelling, building or structure that is owned as a cooperative or a condominium that has an average assessed value per dwelling unit that exceeds the assessed valuation limitation as provided in paragraph (c) of this subdivision shall only be eligible for such benefits if the alterations or improvements for which such multiple dwelling, building or structure has applied for the benefits pursuant to this section were carried out with substantial governmental assistance; and

(ii) no benefits pursuant to this section shall be granted for the conversion of any non-residential building or structure into a class A multiple dwelling unless such conversion was carried out with substantial governmental assistance.

(c) Assessed value limitation. (i) For final assessment rolls to be completed prior to two thousand seventeen, the assessed value limitation shall be thirty thousand dollars.

(ii) For the final assessment roll to be completed in two thousand seventeen the assessed value limitation shall be thirty-two thousand dollars increased by the cost-of-living adjustment percentage of two thousand seventeen. For the purposes of this computation, the cost-of-living adjustment percentage of two thousand seventeen shall be equal to the "applicable increase percentage" used by the United States commissioner of social security to determine the monthly social security benefits payable in two thousand seventeen to individuals, as provided by subsection (i) of section four hundred fifteen of title forty-two of the United States code.

(iii) For final assessment rolls to be completed in each ensuing year, the applicable assessed value limitation, cost-of-living adjustment percentage and applicable increase percentage shall all be advanced by one year, and the assessed valuation limitation shall be the previously applicable assessed value limitation increased by the new cost-of-living adjustment percentage. If there should be a year for which there is no applicable increase percentage due to a general benefit increase as defined by subdivision three of subsection (i) of section four hundred fifteen of title forty-two of the United States code, the applicable increase percentage for purposes of this computation shall be deemed to be the percentage which would have yielded that general benefit increase.

(iv) Notwithstanding anything to the contrary contained herein, the assessed value limitation shall not at any time exceed forty thousand dollars.

18. Any local law or ordinance providing for benefits pursuant to this section must also provide, with respect to conversions, alterations or improvements for which application was made after the effective date of this subdivision, that if such conversions, alterations or improvements are not completed on the date upon which such local housing agency inspects the items of work claimed in such application, the local housing agency shall require the applicant to pay two times the actual cost for any additional inspections needed to verify the completion of such conversion, alteration or improvement.

19. The revocation of benefits granted to any multiple dwelling,

building or structure pursuant to this section shall not exempt any dwelling unit therein from continued compliance with the requirements of this section or of any local law or ordinance providing for benefits pursuant to this section.

20. Notwithstanding the provisions of any general, special or local law or any local ordinance providing for benefits pursuant to this section the department may require that the applications for exemption or abatement under this section that are filed on or after a date specified in such local law or ordinance be filed electronically.

21. (a) Definitions. For the purposes of this subdivision:

(1) "Affordable rent" shall mean the maximum rent within the marketing band that is allowed for an affordable rental unit as such rent is established by the local housing agency.

(2) "Affordable rental unit" shall mean a dwelling unit in an eligible rental building that, as of the filing of an application for a certificate of eligibility and reasonable cost, has a rent at or below the affordable rent.

(3) "Certificate of eligibility and reasonable cost" shall mean a document issued by the local housing agency that establishes that a property is eligible for rehabilitation program benefits and sets forth the certified reasonable cost of the eligible construction for which such benefits shall be received.

(4) "Certified reasonable cost schedule" shall mean a table providing maximum dollar limits for specified alterations and improvements, established, and updated as necessary, by the local housing agency.

(5) "Checklist" shall mean a document that the local housing agency issues requesting additional information or documentation that is necessary for further assessment of an application for a certificate of eligibility and reasonable cost where such application contained all information and documentation required at the initial filing.

(6) "Commencement date" shall mean, with respect to eligible construction, the date on which any physical operation undertaken for the purpose of performing such eligible construction lawfully begins.

(7) "Completion date" shall mean, with respect to eligible construction, the date on which:

(A) every physical operation undertaken for the purpose of all eligible construction has concluded; and

(B) all such eligible construction has been completed to a reasonable and customary standard that renders such eligible construction capable of use for the purpose for which such eligible construction was intended.

(8) "Dwelling unit" shall mean any residential accommodation in a class A multiple dwelling that:

(A) is arranged, designed, used or intended for use by one or more persons living together and maintaining a common household;

(B) contains at least one room; and

(C) contains within such accommodation lawful sanitary and kitchen facilities reserved for its occupants.

(9) "Eligible building" shall mean an eligible rental building, an eligible homeownership building, or an eligible regulated homeownership building, provided that such building contains three or more dwelling units.

(10) "Eligible construction" shall mean alterations or improvements to an eligible building that:

(A) are specifically identified on the certified reasonable cost schedule;

(B) meet the minimum scope of work threshold;

(C) have a completion date that is after June twenty-ninth, two thousand twenty-two and prior to June thirtieth, two thousand twenty-six and that is not more than thirty months after their commencement date; and

(D) are not attributable to any increased cubic content in such eligible building.

(11) "Eligible homeownership building" shall mean an existing building that:

(A) is a class A multiple dwelling operated as condominium or cooperative housing;

(B) is not operating in whole or in part as a hotel; and

(C) has an average assessed valuation, including the valuation of the land, that as of the commencement date does not exceed the homeownership average assessed valuation limitation.

(12) "Eligible regulated homeownership building" shall mean an

existing building that is a class A multiple dwelling owned and operated by either:

(A) a mutual company that continues to be organized and operated as a mutual company and that has entered into and recorded a mutual company regulatory agreement; or

(B) a mutual redevelopment company that continues to be organized and operated as a mutual redevelopment company and that has entered into and recorded a mutual redevelopment company regulatory agreement.

(13) "Eligible rental building" shall mean an existing building that:

(A) is a class A multiple dwelling in which all of the dwelling units are operated as rental housing;

(B) is not operating in whole or in part as a hotel; and

(C) satisfies one of the following conditions:

(i) not less than fifty percent of the dwelling units in such building are affordable rental units;

(ii) such building is owned and operated by a limited-profit housing company; or

(iii) such building is the recipient of substantial governmental assistance.

(14) "Existing building" shall mean an enclosed structure which:

(A) is permanently affixed to the land;

(B) has one or more floors and a roof;

(C) is bounded by walls;

(D) has at least one principal entrance utilized for day-to-day pedestrian ingress and egress;

(E) has a certificate of occupancy or equivalent document that is in effect prior to the commencement date; and

(F) exclusive of the land, has an assessed valuation of more than one thousand dollars for the fiscal year immediately preceding the commencement date.

(15) "Homeownership average assessed valuation limitation" shall mean an average assessed valuation of forty-five thousand dollars per dwelling unit.

(16) "Limited-profit housing company" shall have the same meaning as "company" set forth in section twelve of the private housing finance law.

(17) "Market rental unit" shall mean a dwelling unit in an eligible

rental building other than an affordable rental unit.

(18) "Marketing band" shall mean maximum rent amounts ranging from twenty percent of eighty percent of the area median income, adjusted for family size, to thirty percent of eighty percent of the area median income, adjusted for family size.

(19) "Minimum scope of work threshold" shall mean a total amount of certified reasonable cost established by rules and regulations of the local housing agency, provided that such amount shall be no less than one thousand five hundred dollars for each dwelling unit in existence on the completion date.

(20) "Multiple dwelling" shall have the meaning set forth in section four of the multiple dwelling law.

(21) "Mutual company" shall have the meaning set forth in section twelve of the private housing finance law.

(22) "Mutual company regulatory agreement" shall mean a binding and irrevocable agreement between a mutual company and the commissioner of housing, the mutual company supervising agency, the New York city housing development corporation, or the New York state housing finance agency prohibiting the dissolution or reconstitution of such mutual company pursuant to section thirty-five of the private housing finance law for not less than fifteen years from the commencement of rehabilitation program benefits for the existing building owned and operated by such mutual company.

(23) "Mutual company supervising agency" shall have the same meaning, with respect to any mutual company, as "supervising agency" set forth in section two of the private housing finance law.

(24) "Mutual redevelopment company" shall have the same meaning as "mutual" when applied to a redevelopment company as set forth in section one hundred two of the private housing finance law.

(25) "Mutual redevelopment company regulatory agreement" shall mean a binding and irrevocable agreement between a mutual redevelopment company and the commissioner of housing, the redevelopment company supervising agency, the New York city housing development corporation, or the New York state housing finance agency prohibiting the dissolution or reconstitution of such mutual redevelopment company pursuant to section one hundred twenty-three of the private housing finance law until the earlier of: (A) fifteen years from the commencement of rehabilitation

program benefits for the existing building owned and operated by such mutual redevelopment company; or (B) the expiration of any tax exemption granted to such mutual redevelopment company pursuant to section one hundred twenty-five of the private housing finance law.

(26) "Redevelopment company" shall have the meaning set forth in section one hundred two of the private housing finance law.

(27) "Redevelopment company supervising agency" shall have the same meaning, with respect to any redevelopment company, as "supervising agency" set forth in section one hundred two of the private housing finance law.

(28) "Rehabilitation program benefits" shall mean abatement of real property taxes pursuant to this subdivision.

(29) "Rent regulation" shall mean, collectively, the emergency housing rent control law, any local law enacted pursuant to the local emergency housing rent control act, 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 subdivision, or as any such statute is amended thereafter, together with any successor statutes or regulations addressing substantially the same subject matter.

(30) "Restriction period" shall mean, notwithstanding any termination or revocation of rehabilitation program benefits prior to such period, fifteen years from the initial receipt of rehabilitation benefits, or such additional period of time as may be imposed pursuant to clause (A) of subparagraph five of paragraph (e) of this subdivision.

(31) "Substantial governmental assistance" shall mean grants, loans, or subsidies from any federal, state, or local government agency or instrumentality in furtherance of a program for the development of affordable housing approved by the local housing agency, provided that such grants, loans, or subsidies are provided in accordance with a regulatory agreement entered into with such agency or instrumentality that is in effect as of the filing date of the application for a certificate of eligibility and reasonable cost.

(32) "Substantial interest" shall mean an ownership interest of ten percent or more.

(b) Abatement. Notwithstanding the provisions of any other subdivision of this section or of any general, special or local law to the contrary,

any city to which the multiple dwelling law is applicable, acting through its local legislative body or other governing agency, is hereby authorized and empowered, until and including June thirtieth, two thousand twenty-five, to adopt and amend local laws or ordinances allowing for an abatement of real property taxes on an eligible building in which eligible construction has been completed, provided that:

(1) Such abatement shall not exceed seventy percent of the certified reasonable cost of the eligible construction, as determined under rules and regulations of the local housing agency;

(2) Such abatement shall not be effective for more than twenty years;

(3) The annual abatement of real property taxes on such eligible building shall not exceed eight and one-third percent of the total certified reasonable cost of such eligible construction;

(4) The annual abatement of real property taxes on such eligible building in any consecutive twelve-month period shall in no event exceed the amount of real property taxes payable in such twelve-month period for such building, provided, however, that such abatement shall not exceed fifty percent of the amount of real property taxes payable in such twelve-month period for any of the following:

(A) an eligible rental building owned by a limited-profit housing company or a redevelopment company;

(B) an eligible homeownership building; and

(C) an eligible regulated homeownership building; and

(5) Such abatement shall become effective beginning with the first quarterly tax bill immediately following the date of issuance of the certificate of eligibility and reasonable cost.

(c) Authority of city to adopt rules and regulations. Any such local law or ordinance shall authorize the adoption of rules and regulations, not inconsistent with this subdivision, by the local housing agency and any other local agency necessary for the implementation of this subdivision.

(d) Application. (1) Any such local law or ordinance shall require that an application for a certificate of eligibility and reasonable cost pursuant to this subdivision be made after the completion date and on or before the later of (A) four months from the effective date of such local law or ordinance; or (B) four months from such completion date.

(2) Such application shall include evidence of eligibility for

rehabilitation program benefits and evidence of reasonable cost as shall be satisfactory to the local housing agency including, but not limited to, evidence showing the cost of eligible construction.

(3) The local housing agency shall require a non-refundable filing fee that shall be paid by a certified check or cashier's check upon the filing of an application for a certificate of eligibility and reasonable cost. Such fee shall be (A) one thousand dollars, plus (B) seventy-five dollars for each dwelling unit in excess of six dwelling units in the eligible building that is the subject of such application.

(4) Any application that is filed pursuant to this paragraph that is missing any of the information and documentation required at initial filing by such local law or ordinance and any rules and regulations of the local housing agency shall be denied, provided that a new application for the same eligible construction, together with a new non-refundable filing fee, may be filed within fifteen days of the date of issuance of such denial. If such second application is also missing any such required information and documentation, it shall be denied and no further applications for the same eligible construction shall be permitted.

(5) The failure of an applicant to respond to any checklist within thirty days of the date of its issuance by the local housing agency shall result in denial of such application, and no further applications for the same eligible construction shall be permitted. The local housing agency shall issue not more than three checklists per application. An application for a certificate of eligibility and reasonable cost shall be denied when the local housing agency does not have a sufficient basis to issue a certificate of eligibility and reasonable cost after the timely response of an applicant to the third checklist concerning such application. After the local housing agency has denied an application for the reason described in the preceding sentence, such agency shall permit no further applications for the same eligible construction.

(6) An application for a certificate of eligibility and reasonable cost shall also include an affidavit of no harassment.

(A) Such affidavit shall set forth the following information:

(i) the name of every owner of record and owner of a substantial interest in the eligible building or entity owning the eligible building or sponsoring the eligible construction; and

(ii) a statement that none of such persons had, within the five years prior to the completion date, been found to have harassed or unlawfully evicted tenants by judgment or determination of a court or agency, including a non-governmental agency having appropriate legal jurisdiction under the penal law, any state or local law regulating rents or any state or local law relating to harassment of tenants or unlawful eviction.

(B) No eligible building shall be eligible for an abatement pursuant to paragraph (b) of this subdivision where:

(i) any affidavit required under this subparagraph has not been filed; or

(ii) any such affidavit contains a willful misrepresentation or omission of any material fact; or

(iii) any owner of record or owner of a substantial interest in the eligible building or entity owning the eligible building or sponsoring the eligible construction has been found, by judgment or determination of a court or agency, including a non-governmental agency having appropriate legal jurisdiction under the penal law, any state or local law regulating rents or any state or local law relating to harassment of tenants or unlawful eviction, to have, within the five years prior to the completion date, harassed or unlawfully evicted tenants, until and unless the finding is reversed on appeal.

(C) Notwithstanding the provisions of any general, special or local law to the contrary, the corporation counsel or other legal representative of a city having a population of one million or more or the district attorney of any county, may institute an action or proceeding in any court of competent jurisdiction that may be appropriate or necessary to determine whether any owner of record or owner of a substantial interest in the eligible building or entity owning the eligible building or sponsoring the eligible construction has harassed or unlawfully evicted tenants as described in this subparagraph.

(7) Notwithstanding the provisions of any general, special or local law to the contrary, the local housing agency may require by rules and regulations that an application for a certificate of eligibility and reasonable cost be filed electronically.

(e) Additional requirements for an eligible rental building other than

one owned and operated by a limited-profit housing company. Any such local law or ordinance shall, in addition to all other conditions of eligibility for rehabilitation program benefits set forth in this subdivision, require that an eligible rental building, other than one owned and operated by a limited-profit housing company, also comply with all provisions of this paragraph. Notwithstanding the foregoing, an eligible rental building that is the recipient of substantial governmental assistance shall not be required to comply with the provisions of subparagraph two of this paragraph.

(1) Notwithstanding any provision of rent regulation to the contrary, any market rental unit within such eligible rental building subject to rent regulation as of the filing date of the application for a certificate of eligibility and reasonable cost and any affordable rental unit within such eligible rental building shall be subject to rent regulation until such unit first becomes vacant after the expiration of the restriction period at which time such unit, unless it would be subject to rent regulation for reasons other than the provisions of this subdivision, shall be deregulated, provided, however, that during the restriction period, no exemption or exclusion from any requirement of rent regulation shall apply to such dwelling units.

(2) Additional requirements for an eligible rental building that is not a recipient of substantial governmental assistance.

(A) Not less than fifty percent of the dwelling units in such eligible rental building shall be designated as affordable rental units.

(B) The owner of such eligible rental building shall ensure that no affordable rental unit is held off the market for a period that is longer than reasonably necessary.

(C) The owner of such eligible rental building shall waive the collection of any major capital improvement rent increase granted by the New York state division of housing and community renewal pursuant to rent regulation that is attributable to eligible construction for which such eligible rental building receives rehabilitation program benefits, and shall file a declaration with the New York state division of housing and community renewal providing such waiver.

(D) An affordable rental unit shall not be rented on a temporary, transient or short-term basis. Every lease and renewal thereof for an affordable rental unit shall be for a term of one or two years, at the

option of the tenant, and shall include a notice in at least twelve-point type informing such tenant of their rights pursuant to this subdivision, including an explanation of the restrictions on rent increases that may be imposed on such affordable rental unit.

(E) The local housing agency may establish by rules and regulations such requirements as the local housing agency deems necessary or appropriate for designating affordable rental units, including, but not limited to, designating the unit mix and distribution requirements of such affordable rental units in an eligible building.

(3) The owner of such eligible rental building shall not engage in or cause any harassment of the tenants of such eligible rental building or unlawfully evict any such tenants during the restriction period.

(4) No dwelling units within such eligible rental building shall be converted to cooperative or condominium ownership during the restriction period.

(5) Any non-compliance of an eligible rental building with the provisions of this paragraph shall permit the local housing agency to take the following action:

(A) extend the restriction period;

(B) increase the number of affordable rental units in such eligible rental building;

(C) impose a penalty of not more than the product of one thousand dollars per instance of non-compliance and the number of dwelling units contained in such eligible rental building; and

(D) terminate or revoke any rehabilitation program benefits in accordance with paragraph (m) of this subdivision.

(f) Compliance with applicable law. Any such local law or ordinance may also provide that rehabilitation program benefits shall not be allowed for any eligible building unless and until such eligible building complies with all applicable provisions of law.

(g) Implementation of rehabilitation program benefits. Upon issuance of a certificate of eligibility and reasonable cost and payment of outstanding fees, the local housing agency shall be authorized to transmit such certificate of eligibility and reasonable cost to the local agency responsible for real property tax assessment. Upon receipt of a certificate of eligibility and reasonable cost, the local agency responsible for real property tax assessment shall certify the amount of

taxes to be abated pursuant to paragraph (b) of this subdivision and pursuant to such certificate of eligibility and reasonable cost provided by the local housing agency.

(h) Outstanding taxes and charges. Any such local law or ordinance shall also provide that rehabilitation program benefits shall not be allowed for an eligible building in either of the following cases:

(1) there are outstanding real estate taxes or water and sewer charges or payments in lieu of taxes that are due and owing as of the last day of the tax period preceding the date of the receipt of the certificate of eligibility and reasonable cost by the local agency responsible for real property tax assessment; or

(2) real estate taxes or water and sewer charges due at any time during the authorized term of such benefits remain unpaid for one year after the same are due and payable.

(i) Additional limitations on eligibility. Any such local law or ordinance shall also provide that:

(1) rehabilitation program benefits shall not be allowed for any eligible building receiving tax exemption or abatement concurrently for rehabilitation or new construction under any other provision of state or local law or ordinance with the exception of any eligible construction to an eligible building receiving a tax exemption or abatement under the provisions of the private housing finance law;

(2) rehabilitation program benefits shall not be allowed for any item of eligible construction in an eligible building if such eligible building is receiving tax exemption or abatement for the same or a similar item of eligible construction as of the December thirty-first preceding the date of application for a certificate of eligibility and reasonable cost for such rehabilitation program benefits;

(3) where the eligible construction includes or benefits a portion of an eligible building that is not occupied for dwelling purposes, the assessed valuation of such eligible building and the cost of the eligible construction shall be apportioned so that rehabilitation program benefits shall not be provided for eligible construction made for other than dwelling purposes; and

(4) rehabilitation program benefits shall not be applied to abate the taxes upon the land portion of real property, which shall continue to be taxed based upon the assessed valuation of the land and the applicable

tax rate at the time such taxes are levied.

(j) Re-inspection penalty. Any such local law or ordinance shall also provide that if the local housing agency cannot verify the eligible construction claimed by an applicant upon the first inspection by the local housing agency of the eligible building, such applicant shall be required to pay ten times the actual cost of any additional inspection needed to verify such eligible construction.

(k) Strict liability for inaccurate applications. Any such local law or ordinance shall also provide that if the local housing agency determines that an application for a certificate of eligibility and reasonable cost contains a material misstatement of fact, the local housing agency may reject such application and bar the submission of any other application pursuant to this subdivision with respect to such eligible building for a period not to exceed three years. An applicant shall not be relieved from liability under this paragraph because it submitted its application under a mistaken belief of fact. Furthermore, any person or entity that files more than six applications containing such a material misstatement of fact within any twelve-month period shall be barred from submitting any new application for rehabilitation program benefits on behalf of any eligible building for a period not to exceed five years.

(l) Investigatory authority. Any such local law or ordinance shall also allow the local housing agency to require such certifications and consents necessary to access records, including other tax records, as may be deemed appropriate to enforce the eligibility requirements of this subdivision. Any such local law or ordinance shall further provide that, for purposes of determining and certifying eligibility for rehabilitation program benefits and the reasonable cost of any eligible construction, the local housing agency shall be authorized to:

(1) administer oaths to and take the testimony of any person, including, but not limited to, the owner of such eligible building;

(2) issue subpoenas requiring the attendance of such persons and the production of any bills, books, papers or other documents as it may deem necessary;

(3) make preliminary estimates of the maximum reasonable cost of such eligible construction;

(4) establish maximum allowable costs of specified units, fixtures or

work in such eligible construction;

(5) require the submission of plans and specifications of such eligible construction before the commencement thereof;

(6) require physical access to inspect the eligible building; and

(7) on an annual basis, require the submission of leases for any dwelling unit in a building granted a certificate of eligibility and reasonable cost.

(m) Termination or revocation. Any such local law or ordinance shall provide that failure to comply with the provisions of this subdivision, any such local law or ordinance, any rules and regulations promulgated thereunder, or any mutual company regulatory agreement or mutual redevelopment company regulatory agreement entered into thereunder, may result in termination or revocation of any rehabilitation program benefits retroactive to the commencement thereof. Such termination or revocation shall not exempt such eligible building from continued compliance with the requirements of this subdivision, such local law or ordinance, such rules and regulations, and such mutual company regulatory agreement or mutual redevelopment company regulatory agreement.

(n) Criminal liability for unauthorized uses. Any such local law or ordinance shall also provide that in the event that any recipient of rehabilitation program benefits uses any dwelling unit in such eligible building in violation of the requirements of such local law or ordinance as adopted pursuant to this subdivision and any rules and regulations promulgated pursuant thereto, such recipient shall be guilty of an unclassified misdemeanor punishable by a fine in an amount equivalent to double the value of the gain of such recipient from such unlawful use or imprisonment for not more than ninety days, or both.

(o) Private right of action. Any prospective, present, or former tenant of an eligible rental building may sue to enforce the requirements and prohibitions of this subdivision, any such local law or ordinance, or any rules and regulations promulgated thereunder, in the supreme court of New York. Any such individual harmed by reason of a violation of such requirements and prohibitions may sue therefor in the supreme court of New York on behalf of himself or herself, and shall recover threefold the damages sustained and the cost of the suit, including a reasonable attorney's fee. The local housing agency may use

any court decision under this paragraph that is adverse to the owner of an eligible building as the basis for further enforcement action. Notwithstanding any other provision of law, an action by a tenant of an eligible rental building under this paragraph shall be commenced within six years from the date of the latest violation.

(p) Appointment of receiver. In addition to the remedies for non-compliance provided for in subparagraph five of paragraph (e) of this subdivision, any such local law or ordinance may also provide that the local housing agency may make application for the appointment of a receiver in accordance with the procedures contained in such local law or ordinance. Any receiver appointed pursuant to this paragraph shall be authorized, in addition to any other powers conferred by law, to effect compliance with the provisions of this subdivision, such local law or ordinance, and rules and regulations of the local housing agency. Any expenditures incurred by the receiver to effect such compliance shall constitute a debt of the owner and a lien upon the property, and upon the rents and income thereof, in accordance with the procedures contained in such local law or ordinance. The local housing agency in its discretion may provide funds to be expended by the receiver, and such funds shall constitute a debt recoverable from the owner in accordance with applicable local laws or ordinances.

(q) Authority of city to limit local law. Where a city enacts or amends a local law or ordinance under this subdivision, such local law or ordinance may restrict, limit or condition the eligibility, scope or amount of rehabilitation program benefits under the local law or ordinance in any manner, provided that the local law or ordinance may not grant rehabilitation program benefits beyond those provided in this subdivision.

22. (a) Definitions. For the purposes of this subdivision:

(1) "Area median income" shall mean the income limits as defined annually by the United States department of housing and urban development for the New York city area.

(2) "Certificate of eligibility and reasonable cost" shall mean a document issued by the local housing agency that establishes that a property is eligible for rehabilitation program benefits and sets forth the certified reasonable cost of the eligible construction for which

such benefits shall be received.

(3) "Certified reasonable cost schedule" shall mean a table providing maximum dollar limits for specified alterations and improvements, established, and updated at least every two years, by the local housing agency.

(4) "Checklist" shall mean a document that the local housing agency issues requesting additional information or documentation that is necessary for further assessment of an application for a certificate of eligibility and reasonable cost where such application contained all information and documentation required at the initial filing.

(5) "Commencement date" shall mean, with respect to eligible construction, the date on which any physical operation undertaken for the purpose of performing such eligible construction lawfully begins.

(6) "Completion date" shall mean, with respect to eligible construction, the date on which:

(A) every physical operation undertaken for the purpose of all eligible construction has concluded; and

(B) all such eligible construction has been completed to a reasonable and customary standard that renders such eligible construction capable of use for the purpose for which such eligible construction was intended.

(7) "Dwelling unit" shall mean any residential accommodation in a class A multiple dwelling that:

(A) is arranged, designed, used or intended for use by one or more persons living together and maintaining a common household;

(B) contains at least one room; and

(C) contains within such accommodation lawful sanitary and kitchen facilities reserved for its occupants.

(8) "Eligible building" shall mean an eligible rental building, an eligible homeownership building, or an eligible regulated homeownership building, provided that such building contains three or more dwelling units.

(9) "Eligible construction" shall mean alterations or improvements to an eligible building that:

(A) are specifically identified on the certified reasonable cost schedule;

(B) meet the minimum scope of work threshold;

(C) have a completion date that is on or after June thirtieth, two thousand twenty-six and prior to June thirtieth, two thousand thirty-six that is not more than thirty months after their commencement date; and

(D) are not attributable to any increased cubic content in such eligible building.

(10) "Eligible homeownership building" shall mean an existing building that:

(A) is a class A multiple dwelling operated as condominium or cooperative housing;

(B) is not operating in whole or in part as a hotel; and

(C) has an average assessed valuation, including the valuation of the land, that as of the commencement date does not exceed the homeownership average assessed valuation limitation.

(11) "Eligible regulated homeownership building" shall mean an existing building that is a class A multiple dwelling owned and operated by either:

(A) a mutual company that continues to be organized and operated as a mutual company and that has entered into and recorded a mutual company regulatory agreement; or

(B) a mutual redevelopment company that continues to be organized and operated as a mutual redevelopment company and that has entered into and recorded a mutual redevelopment company regulatory agreement.

(12) "Eligible rental building" shall mean an existing building that:

(A) is a class A multiple dwelling in which all of the dwelling units are operated as rental housing;

(B) is not operating in whole or in part as a hotel; and

(C) satisfies one of the following conditions:

(i) not less than fifty percent of the dwelling units in such building are qualifying rental units;

(ii) such building is owned and operated by a limited-profit housing company; or

(iii) such building is the recipient of substantial governmental assistance.

(13) "Existing building" shall mean an enclosed structure which:

(A) is permanently affixed to the land;

(B) has one or more floors and a roof;

(C) is bounded by walls;

(D) has at least one principal entrance utilized for day-to-day pedestrian ingress and egress;

(E) has a certificate of occupancy or equivalent document that is in effect prior to the commencement date; and

(F) exclusive of the land, has an assessed valuation of more than one thousand dollars for the fiscal year immediately preceding the commencement date.

(14) "Homeownership average assessed valuation limitation" shall mean an average assessed valuation of sixty thousand dollars per dwelling unit, adjusted annually to reflect any increase in the consumer price index for all urban consumers for all items as published by the United States bureau of labor statistics for the region in which the eligible building is located, as established for the most recent preceding calendar year. The local housing agency shall publish the average assessed valuation limit, as adjusted pursuant to this subparagraph, on its website one year after the effective date of such local law authorizing an abatement pursuant to this subdivision, and annually thereafter.

(15) "Limited-profit housing company" shall have the same meaning as "company" as defined in section twelve of the private housing finance law.

(16) "Market rental unit" shall mean a dwelling unit in an eligible rental building other than a qualifying rental unit.

(17) "Marketing band" shall mean maximum rent amounts ranging from twenty percent of eighty percent of the area median income, adjusted for family size, to thirty percent of eighty percent of the area median income, adjusted for family size.

(18) "Minimum scope of work threshold" shall mean a total amount of certified reasonable cost established by rules and regulations of the local housing agency, provided that such amount shall be no less than one thousand five hundred dollars for each dwelling unit in existence on the completion date.

(19) "Multiple dwelling" shall have the meaning as such term is defined in section four of the multiple dwelling law.

(20) "Mutual company" shall have the meaning as such term is defined in section twelve of the private housing finance law.

(21) "Mutual company regulatory agreement" shall mean a binding and

irrevocable agreement between a mutual company and the commissioner of housing, the mutual company supervising agency, the New York city housing development corporation, or the New York state housing finance agency prohibiting the dissolution or reconstitution of such mutual company pursuant to section thirty-five of the private housing finance law for not less than fifteen years from the commencement of rehabilitation program benefits for the existing building owned and operated by such mutual company.

(22) "Mutual company supervising agency" shall have the same meaning, with respect to any mutual company, as "supervising agency" as defined in section two of the private housing finance law.

(23) "Mutual redevelopment company" shall have the same meaning as "mutual company" when applied to a redevelopment company as defined in section one hundred two of the private housing finance law.

(24) "Mutual redevelopment company regulatory agreement" shall mean a binding and irrevocable agreement between a mutual redevelopment company and the commissioner of housing, the redevelopment company supervising agency, the New York city housing development corporation, or the New York state housing finance agency prohibiting the dissolution or reconstitution of such mutual redevelopment company pursuant to section one hundred twenty-three of the private housing finance law until the earlier of:

(A) fifteen years from the commencement of rehabilitation program benefits for the existing building owned and operated by such mutual redevelopment company; or

(B) the expiration of any tax exemption granted to such mutual redevelopment company pursuant to section one hundred twenty-five of the private housing finance law.

(25) "Qualifying rent" shall mean the maximum rent within the marketing band that is allowed for a qualifying rental unit as such rent is established by the local housing agency.

(26) "Qualifying rental unit" shall mean a dwelling unit in an eligible rental building that, as of the filing of an application for a certificate of eligibility and reasonable cost, has a rent at or below the qualifying rent.

(27) "Redevelopment company" shall have the same meaning as such term is defined in section one hundred two of the private housing finance

law.

(28) "Redevelopment company supervising agency" shall have the same meaning, with respect to any redevelopment company, as "supervising agency" as defined in section one hundred two of the private housing finance law.

(29) "Rehabilitation program benefits" shall mean abatement of real property taxes pursuant to this subdivision.

(30) "Rent regulation" shall mean, collectively, the emergency housing rent control law, any local law enacted pursuant to the local emergency housing rent control act, 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 subdivision, or as any such statute is amended thereafter, together with any successor statutes or regulations addressing substantially the same subject matter.

(31) "Restriction period" shall mean, notwithstanding any termination or revocation of rehabilitation program benefits prior to such period, fifteen years from the initial receipt of rehabilitation program benefits, or such additional period of time as may be imposed pursuant to clause (A) of subparagraph five of paragraph (e) of this subdivision.

(32) "Substantial governmental assistance" shall mean grants, loans, or subsidies from any federal, state, or local government agency or instrumentality in furtherance of a program for the development of affordable housing approved by the local housing agency, provided that such grants, loans, or subsidies are provided in accordance with a regulatory agreement entered into with such agency or instrumentality that is in effect as of the filing date of the application for a certificate of eligibility and reasonable cost.

(33) "Substantial interest" shall mean an ownership interest of ten percent or more.

(b) Abatement. Notwithstanding the provisions of any other subdivision of this section or of any general, special, or local law to the contrary, a city with a population of one million persons or more, acting through its local legislative body, is hereby authorized and empowered to adopt a local law authorizing an abatement of real property taxes pursuant to this subdivision on an eligible building in which eligible construction has been completed by an aggregate amount that

shall not exceed one hundred percent of the total certified reasonable cost of such construction, as determined under rules and regulations of the local housing agency, provided that:

(1) Such abatement shall not be effective for more than twenty years;

(2) The annual abatement of real property taxes on such eligible building shall not exceed eight and one-third percent of the total certified reasonable cost of such eligible construction;

(3) The annual abatement of real property taxes on such eligible building in any consecutive twelve-month period shall in no event exceed the amount of real property taxes payable in such twelve-month period for such building, provided, however, that such abatement shall not exceed fifty percent of the amount of real property taxes payable in such twelve-month period for any of the following:

(A) an eligible rental building owned by a limited-profit housing company or a redevelopment company;

(B) an eligible homeownership building; and

(C) an eligible regulated homeownership building; and

(4) Notwithstanding subparagraphs two and three of this paragraph, for an application for rehabilitation program benefits that has been approved, an amount equivalent to and not exceeding the filing fee paid pursuant to subparagraph three of paragraph (d) of this subdivision shall be included in addition to the aggregate amount abated under this paragraph.

(5) Such abatement shall become effective beginning with the first quarterly tax bill immediately following the date of issuance of the certificate of eligibility and reasonable cost.

(c) Rulemaking. Each agency or department to which functions are assigned by this subdivision may adopt and promulgate rules and regulations for the effectuation of the purpose of this subdivision.

(d) Application. (1) An application for a certificate of eligibility and reasonable cost pursuant to this subdivision shall be made after the completion date and on or before the later of (A) four months from the effective date of such local law authorizing an abatement pursuant to this subdivision; or (B) four months from such completion date.

(2) Such application shall include evidence of eligibility for rehabilitation program benefits and evidence of reasonable cost as shall be satisfactory to the local housing agency including, but not limited

to, evidence showing the cost of eligible construction.

(3) The local housing agency shall require a non-refundable filing fee that shall be paid upon the filing of an application for a certificate of eligibility and reasonable cost. Such fee shall be seventy-five dollars for each dwelling unit in excess of six dwelling units in the eligible building that is the subject of such application, but no more than twenty thousand dollars for each application. The filing fee per each dwelling unit and maximum collectible application fee shall be adjusted annually to reflect any increase in the consumer price index for all urban consumers for all items as published by the United States bureau of labor statistics for the region in which the eligible building is located, as established for the most recent preceding calendar year.

(4) Any application that is filed pursuant to this paragraph that is missing any of the information and documentation required at initial filing by any rules and regulations of the local housing agency shall be denied, provided that a new application for the same eligible construction, together with a new non-refundable filing fee, may be filed within fifteen days of the date of issuance of such denial. If such second application is also missing any such required information and documentation, it shall be denied and no further applications for the same eligible construction shall be permitted.

(5) The failure of an applicant to respond to any checklist within thirty days of the date of its issuance by the local housing agency shall result in denial of such application, and no further applications for the same eligible construction shall be permitted. The local housing agency shall issue not more than three checklists per application. An application for a certificate of eligibility and reasonable cost shall be denied when the local housing agency does not have a sufficient basis to issue a certificate of eligibility and reasonable cost after the timely response of an applicant to the third checklist concerning such application. After the local housing agency has denied an application for the reason described in the preceding sentence, such agency shall permit no further applications for the same eligible construction.

(6) An application for a certificate of eligibility and reasonable cost shall also include an affidavit of no harassment.

(A) Such affidavit shall set forth the following information:

(i) the name of every owner of record and owner of a substantial

interest in the eligible building or entity owning the eligible building or sponsoring the eligible construction; and

(ii) a statement that none of such persons had, within the five years prior to the completion date, been found to have harassed or unlawfully evicted tenants by judgment or determination of a court or agency, including a non-governmental agency having appropriate legal jurisdiction under the penal law, any state or local law regulating rents, or any state or local law relating to harassment of tenants or unlawful eviction.

(B) No eligible building shall be eligible for an abatement pursuant to paragraph (b) of this subdivision where:

(i) any affidavit required under this subparagraph has not been filed; or

(ii) any such affidavit contains a willful misrepresentation or omission of any material fact; or

(iii) any owner of record or owner of a substantial interest in the eligible building or entity owning the eligible building or sponsoring the eligible construction has been found, by judgment or determination of a court or agency, including a non-governmental agency having appropriate legal jurisdiction under the penal law, any state or local law regulating rents, or any state or local law relating to harassment of tenants or unlawful eviction, to have, within the five years prior to the completion date, harassed or unlawfully evicted tenants, until and unless the finding is reversed on appeal.

(C) Notwithstanding the provisions of any general, special, or local law to the contrary, the corporation counsel or other legal representative of a city having a population of one million or more or the district attorney of any county located in a city with a population of one million or more, may institute an action or proceeding in any court of competent jurisdiction that may be appropriate or necessary to determine whether any owner of record or owner of a substantial interest in the eligible building or entity owning the eligible building or sponsoring the eligible construction has harassed or unlawfully evicted tenants as described in this subparagraph.

(7) Notwithstanding the provisions of any general, special, or local law to the contrary, the local housing agency may require by rules and regulations that an application for a certificate of eligibility and

reasonable cost be filed electronically.

(8) The local housing agency may require an applicant to demonstrate compliance with the housing maintenance code. If hazardous or immediately hazardous violations exist, the local housing agency may require the applicant to remediate such violations and may impose a penalty in an amount set forth in rules and regulations if the applicant fails to clear the violation.

(e) Additional requirements for an eligible rental building other than one owned and operated by a limited-profit housing company. In addition to all other conditions of eligibility for rehabilitation program benefits set forth in this subdivision, an eligible rental building, other than one owned and operated by a limited-profit housing company, shall also comply with all provisions of this paragraph. Notwithstanding the foregoing, an eligible rental building that is the recipient of substantial governmental assistance shall not be required to comply with the provisions of subparagraph two of this paragraph.

(1) Notwithstanding any provision of rent regulation to the contrary, any market rental unit within such eligible rental building subject to rent regulation as of the filing date of the application for a certificate of eligibility and reasonable cost and any qualifying rental unit within such eligible rental building shall be subject to rent regulation until such unit first becomes vacant after the expiration of the restriction period at which time such unit, unless it would be subject to rent regulation for reasons other than the provisions of this subdivision, shall be deregulated, provided, however, that during the restriction period, no exemption or exclusion from any requirement of rent regulation shall apply to such dwelling units.

(2) Additional requirements for an eligible rental building that is not a recipient of substantial governmental assistance.

(A) Not less than fifty percent of the dwelling units in such eligible rental building shall be designated as qualifying rental units.

(B) The owner of such eligible rental building shall ensure that no qualifying rental unit is held off the market for a period that is longer than reasonably necessary.

(C) The owner of such eligible rental building shall waive the collection of any major capital improvement rent increase granted by the New York state division of housing and community renewal pursuant to

rent regulation that is attributable to eligible construction for which such eligible rental building receives rehabilitation program benefits, and shall file a declaration with the New York state division of housing and community renewal providing such waiver. The local housing agency shall not require an owner to file such waiver until the application for rehabilitation program benefits has been approved.

(D) A qualifying rental unit shall not be rented on a temporary, transient or short-term basis. Every lease and renewal thereof for a qualifying rental unit shall be for a term of one or two years, at the option of the tenant, and shall include a notice in at least twelve-point type informing such tenant of their rights pursuant to this subdivision, including an explanation of the restrictions on rent increases that may be imposed on such qualifying rental unit.

(E) The local housing agency may establish by rules and regulations such requirements as the local housing agency deems necessary or appropriate for designating qualifying rental units, including, but not limited to, designating the unit mix and distribution requirements of such qualifying rental units in an eligible building.

(3) The owner of such eligible rental building shall not engage in or cause any harassment of the tenants of such eligible rental building or unlawfully evict any such tenants during the restriction period.

(4) No dwelling units within such eligible rental building shall be converted to cooperative or condominium ownership during the restriction period.

(5) Any non-compliance of an eligible rental building with the provisions of this paragraph shall permit the local housing agency to take the following action:

(A) extend the restriction period;

(B) increase the number of qualifying rental units in such eligible rental building;

(C) impose a penalty of not more than the product of one thousand dollars per instance of non-compliance and the number of dwelling units contained in such eligible rental building; and

(D) terminate or revoke any rehabilitation program benefits in accordance with paragraph (p) of this subdivision.

(f) Compliance with applicable law. Rehabilitation program benefits shall not be allowed for any eligible building unless and until such

eligible building complies with all applicable provisions of law. Rehabilitation program benefits shall not be allowed if the local housing agency determines that eligible construction was not carried out in conformity with all applicable provisions of law.

(g) Tenant notification. Notwithstanding any provision of this section to the contrary, no rehabilitation program benefits shall be granted for any eligible construction with a commencement date on or after the effective date of such local law authorizing an abatement pursuant to this subdivision unless the applicant provides to tenants, if any, of such eligible building not more than one hundred eighty days nor less than thirty days prior to the commencement date, notice of the following information:

(1) The proposed work;

(2) The identity and contact information of the eligible building's representative; and

(3) The tenants' rights under applicable law with respect to such work; provided that, in the case of a loan program supervised by the local housing agency, such agency may provide the required notice to the tenants.

(h) Notice of intent. An applicant for rehabilitation program benefits for any eligible construction with a commencement date on or after the effective date of such local law authorizing an abatement pursuant to this subdivision shall file with the local housing agency a form supplied by such agency which:

(1) States an intention to file for rehabilitation program benefits;

(2) Describes the work for which rehabilitation program benefits will be claimed;

(3) Estimates the cost of such work which will be eligible for rehabilitation program benefits; and

(4) Provides proof of the notice required under paragraph (g) of this subdivision. Such form shall be filed prior to the commencement date. If the scope of such work or the estimated cost thereof changes materially, such applicant shall file a revised notice of intent. An applicant who fails to comply with the requirements of this paragraph shall be subject to a penalty not to exceed one hundred percent of the filing fee otherwise payable pursuant to subparagraph three of paragraph (d) of this subdivision.

(i) Implementation of rehabilitation program benefits. Upon issuance of a certificate of eligibility and reasonable cost and payment of outstanding fees, the local housing agency shall be authorized to transmit such certificate of eligibility and reasonable cost to the local agency responsible for real property tax assessment. Upon receipt of a certificate of eligibility and reasonable cost, the local agency responsible for real property tax assessment shall certify the amount of taxes to be abated pursuant to paragraph (b) of this subdivision and pursuant to such certificate of eligibility and reasonable cost provided by the local housing agency.

(j) Outstanding taxes and charges. Rehabilitation program benefits shall not be allowed for an eligible building in either of the following cases:

(1) there are outstanding real estate taxes or water and sewer charges or payments in lieu of taxes that are due and owing as of the last day of the tax period preceding the date of the receipt of the certificate of eligibility and reasonable cost by the local agency responsible for real property tax assessment; or

(2) real estate taxes or water and sewer charges due at any time during the authorized term of such benefits remain unpaid for one year after the same are due and payable.

(k) Additional limitations on eligibility. (1) Rehabilitation program benefits shall not be allowed for any eligible building receiving tax exemption or abatement concurrently for rehabilitation or new construction under any other provision of state or local law or ordinance, with the exception of any eligible construction to an eligible building receiving a tax exemption or abatement under the provisions of the private housing finance law;

(2) Rehabilitation program benefits shall not be allowed for any item of eligible construction in an eligible building if such eligible building is receiving tax exemption or abatement for the same or a similar item of eligible construction as of the December thirty-first preceding the date of application for a certificate of eligibility and reasonable cost for such rehabilitation program benefits;

(3) Where the eligible construction includes or benefits a portion of an eligible building that is not occupied for dwelling purposes, the assessed valuation of such eligible building and the cost of the

eligible construction shall be apportioned so that rehabilitation program benefits shall not be provided for eligible construction made for other than dwelling purposes; and

(4) Rehabilitation program benefits shall not be applied to abate the taxes upon the land portion of real property, which shall continue to be taxed based upon the assessed valuation of the land and the applicable tax rate at the time such taxes are levied.

(l) Re-inspection penalty. If the local housing agency cannot verify the eligible construction claimed by an applicant upon the first inspection by the local housing agency of the eligible building, such applicant shall be required to pay ten times the actual cost of any additional inspection needed to verify such eligible construction.

(m) Strict liability for inaccurate applications. If the local housing agency determines that an application for a certificate of eligibility and reasonable cost contains a material misstatement of fact or omission of fact, the local housing agency may reject such application and bar the submission of any other application pursuant to this subdivision with respect to such eligible building for a period not to exceed three years. An applicant shall not be relieved from liability under this paragraph because it submitted its application under a mistaken belief of fact. Furthermore, any person or entity that files more than six applications containing such a material misstatement of fact or omission of fact within any twelve-month period shall be barred from submitting any new application for rehabilitation program benefits on behalf of any eligible building for a period not to exceed five years.

(n) False statements. Any person who shall knowingly and willfully make any false statement or omission as to any material matter in any application for a certificate of eligibility and reasonable cost shall be guilty of an offense punishable by a fine of not more than five hundred dollars, or imprisonment for not more than ninety days, or both.

(o) Investigatory authority. The local housing agency may require such certifications and consents necessary to access records, including other tax records, as may be deemed appropriate to enforce the eligibility requirements of this subdivision. For purposes of determining and certifying eligibility for rehabilitation program benefits and the reasonable cost of any eligible construction, the local housing agency shall be authorized to:

(1) administer oaths to and take the testimony of any person, including, but not limited to, the owner of such eligible building;

(2) issue subpoenas requiring the attendance of such persons and the production of any bills, books, papers or other documents as it may deem necessary;

(3) make preliminary estimates of the maximum reasonable cost of such eligible construction;

(4) establish maximum allowable costs of specified units, fixtures or work in such eligible construction;

(5) require the submission of plans and specifications of such eligible construction before the commencement thereof;

(6) require physical access to inspect the eligible building; and

(7) on an annual basis, require the submission of leases for any dwelling unit in a building granted a certificate of eligibility and reasonable cost.

(p) Termination or revocation. Failure to comply with the provisions of this subdivision, any rules and regulations promulgated thereunder, or any mutual company regulatory agreement or mutual redevelopment company regulatory agreement entered into thereunder, may result in termination or revocation of any rehabilitation program benefits retroactive to the commencement thereof. Such termination or revocation shall not exempt such eligible building from continued compliance with the requirements of this subdivision, such rules and regulations, and such mutual company regulatory agreement or mutual redevelopment company regulatory agreement.

(q) Criminal liability for unauthorized uses. In the event that any recipient of rehabilitation program benefits uses any dwelling unit in such eligible building in violation of the requirements of any rules and regulations promulgated pursuant to this subdivision, such recipient shall be guilty of an unclassified misdemeanor punishable by a fine in an amount equivalent to double the value of the gain of such recipient from such unlawful use or imprisonment for not more than ninety days, or both.

(r) Private right of action. Any prospective, present, or former tenant of an eligible rental building may sue to enforce the requirements and prohibitions of this subdivision, or any rules and regulations promulgated thereunder, in the supreme court of New York.

Any such individual harmed by reason of a violation of such requirements and prohibitions may sue therefor in the supreme court of New York on behalf of themselves, and shall recover threefold the damages sustained and the cost of the suit, including a reasonable attorney's fee. The local housing agency may use any court decision under this paragraph that is adverse to the owner of an eligible building as the basis for further enforcement action. Notwithstanding any other provision of law, an action by a tenant of an eligible rental building under this paragraph shall be commenced within six years from the date of the latest violation.

(s) Appointment of receiver. (1) Appointment. In addition to the remedies for non-compliance provided for in subparagraph five of paragraph (e) of this subdivision, the local housing agency may make application for the appointment of a receiver in accordance with the procedures contained in applicable rules and regulations of the local housing agency; provided, however, that the local housing agency shall not make such application with respect to any eligible homeownership building or eligible regulated homeownership building. Any receiver appointed pursuant to this paragraph shall be authorized, in addition to any other powers conferred by law, to effect compliance with the provisions of this subdivision and rules and regulations of the local housing agency. Any expenditures incurred by the receiver to effect such compliance shall constitute a debt of the owner and a lien upon the property, and upon the rents and income thereof, in accordance with the procedures contained in such rules and regulations. The local housing agency in its discretion may provide funds to be expended by the receiver, and such funds shall constitute a debt recoverable from the owner in accordance with applicable local laws or ordinances.

(2) Power to order corrections of violations. Whenever the local housing agency determines that any violation of the provisions of this subdivision, any rules and regulations promulgated thereunder, or any mutual company regulatory agreement or mutual redevelopment company regulatory agreement entered into thereunder, has occurred, such agency may order the owner of the eligible rental building or other responsible party to correct such violation. An order issued pursuant to this subparagraph shall state the violations involved and the corrective action to be taken, and shall specify a time for compliance, which shall

be not less than twenty-one days from the date of service of the order, except that where a condition dangerous to human life and safety or detrimental to health exists or is threatened, a shorter period for compliance may be specified.

(3) Grounds for appointment of receiver. Upon failure of an eligible rental building to comply with an order to correct issued pursuant to subparagraph two of this paragraph within the specified time therein, the local housing agency may apply for the appointment of a receiver to correct such violations.

(4) Notice to owner, mortgagees, and lienors. (A) If the local housing agency intends to seek the appointment of a receiver pursuant to this paragraph, it shall serve upon the owner, along with the order authorized pursuant to subparagraph two of this paragraph, a notice stating that in the event the violations covered by the order are not corrected in the manner and within the time specified therein, such agency may apply for the appointment of a receiver of the rents, issues, and profits of the property with rights superior to those of the owner and any mortgagee or lienor.

(B) Within five days after service of the order and notice upon the owner, the local housing agency shall serve a copy of the order and notice upon every mortgagee and lienor of record, personally or by registered or certified mail, at the address set forth in the recorded mortgage or lien. If no address appears therein, a copy shall be sent by registered mail to the person at whose request the instrument was recorded.

(C) The local housing agency shall file a copy of the notice and order in the office of the county clerk in which mechanics liens affecting the eligible rental building would be filed.

(5) Order to show cause. (A) The local housing agency, upon failure of the owner to comply with an order issued pursuant to subparagraph two of this paragraph within the time provided therein, may thereafter apply to a court of competent jurisdiction in the county where the eligible rental building is located for an order directing the owner and any mortgagees or lienors of record to show cause why the commissioner of the local housing agency should not be appointed receiver of the rents, issues, and profits of the eligible rental building and why the receiver should not correct such violation and obtain a lien in favor of the

local housing agency against the eligible rental building having the priority provided in article eight of subchapter five of chapter two of title twenty-seven of the administrative code of the city of New York to secure repayment of the costs incurred by the receiver in removing such conditions. Such application shall contain:

(i) Proof by affidavit that an order of the local housing agency has been issued, served on the owner, mortgagees, and lienors, and filed, in accordance with subparagraph four of this paragraph;

(ii) A statement that a violation continued to exist in such eligible rental building after the time provided in the order for correction of the condition, and a description of the eligible rental building and violations involved; and

(iii) A brief description of the nature of the actions required to correct the violations and an estimate as to the cost thereof.

(B) The order to show cause shall be returnable not less than five days after service is completed.

(C) A copy of the order to show cause, and the papers on which it is based, shall be served on the owner, mortgagees of record, and lienors. If any such persons cannot with due diligence be served personally within the city of New York within the time fixed in the order, then service may be made by posting a copy of the order in a conspicuous place on the eligible rental building, and by sending a copy thereof by registered mail to the owner at the last address, if any, registered by such owner with the local housing agency, or to such owner's last address, if any, known to the local housing agency, or, in the case of a mortgagee or lienor, to the address set forth in the recorded mortgage or lien, and by publication in a newspaper of general circulation in the county where such eligible rental building is located. Service shall be deemed complete on filing proof thereof in the office of the clerk of the court in which application for such order is made.

(6) Proceedings on return of order to show cause. (A) On the return of the order to show cause, determination thereof shall have precedence over every other business of the court unless the court shall find that some other pending proceeding, having a similar statutory preference, has priority.

(B) If the court finds that the facts stated in the application warrant the granting thereof, then it shall appoint the commissioner of

the local housing agency receiver of the rents, issues, and profits of the eligible rental building.

(C) Notwithstanding clause (B) of this subparagraph, if, after determination of the issue, the owner, or any mortgagee or lienor or other person having an interest in the eligible rental building, shall apply to the court to be permitted to correct the violations set forth in the local housing agency's application and shall (i) demonstrate the ability to promptly undertake the actions required; and (ii) post security for the performance thereof within the time, and in the amount and manner, deemed necessary by the court, then the court may, in lieu of appointing a receiver, issue an order permitting such person to perform the actions within a time fixed by the court. If at the time fixed in the order the actions have not been satisfactorily done, the court shall appoint such receiver. If after the granting of an order permitting a person to perform the actions but before the time fixed by the court for the completion thereof it shall appear to the local housing agency that the person permitted to do the same is not proceeding with due diligence, then such agency may apply to the court, on notice to those persons who have appeared in the proceeding, for a hearing to determine whether a receiver shall be appointed immediately. On the failure of any person to complete the corrective actions in accordance with the provisions of an order under this clause, such agency, or any receiver thereafter appointed, shall be reimbursed for costs incurred by such agency or receiver in correcting the violation and other charges pursuant to this clause out of the security posted by such person.

(7) Powers and duties of receiver. (A) A receiver appointed pursuant to this paragraph shall have all of the powers and duties of a receiver appointed in an action to foreclose a mortgage on real property, together with such additional powers and duties as granted and imposed by this subparagraph. Such receiver shall not be required to file any bond.

(B) The receiver shall with all reasonable speed remove violations in the eligible rental building. Such receiver shall have the power to let contracts or incur expenses therefor in accordance with the provisions of law applicable to contracts for public works except that advertisement shall not be required for each such contract.

Notwithstanding any provision of law, the receiver may let contracts or incur expenses for individual items without the procurement of competitive bids where the total amount of any such individual item does not exceed two thousand five hundred dollars.

(C) The receiver shall collect the accrued and accruing rents, issues, and profits of the eligible rental building and apply the same to the cost of the corrective actions authorized in clause (B) of this subparagraph, to the payment of expenses reasonably necessary to the proper operation and management of the eligible rental building, including insurance and the fees of the managing agent, and the necessary expenses of their office as receiver, the repayment of all moneys advanced to the receiver by the local housing agency to cover the costs incurred by the receiver and interest thereon; and then, if there be a surplus, to unpaid taxes, assessments, water rents, sewer rents, and penalties and interest thereon, and then to sums due to mortgagees or lienors. If the income of the eligible rental building shall be insufficient to cover the cost of the repairs and improvements or the expenses reasonably necessary to the proper operation and management of such eligible rental building and other necessary expenses of the receiver, the local housing agency shall advance to the receiver any sums required to cover such cost and expense and thereupon shall have a lien against such eligible rental building having the priority provided in article eight of subchapter five of chapter two of title twenty-seven of the administrative code of the city of New York for any such sums so advanced with interest thereon.

(D) The receiver shall be entitled to the same fees, commissions, and necessary expenses as receivers in actions to foreclose mortgages. Such fees and commissions shall be paid into the fund created pursuant to section 27-2111 of the administrative code of the city of New York. The receiver shall be liable only in such receiver's official capacity for injury to person and property by reason of conditions of the eligible rental building in a case where an owner would have been liable; such receiver shall not have any liability in such receiver's personal capacity. The personnel and facilities of the local housing agency and the corporation counsel or other legal representative of a city having a population of one million or more shall be availed of by the receiver for the purpose of carrying out such receiver's duties, and the costs of

such services shall be deemed a necessary expense of the receiver.

(8) Discharge of receiver. The receiver shall be discharged upon rendering a full and complete accounting to the court when the actions authorized by this paragraph are completed and the cost thereof and all other costs authorized by this paragraph have been paid or reimbursed from the rents and income of the eligible rental building and the surplus money, if any, has been paid over to the owner or the mortgagee or lienor as the court may direct. However, at any time, the receiver may be discharged upon filing their account as receiver without affecting the right of the local housing agency to its lien. Upon the completion of the repairs and improvements, the owner, the mortgagee, or any lienor may apply for the discharge of the receiver upon payment to the receiver of all moneys expended by such receiver therefor and all other costs authorized by subparagraph seven of this paragraph which have not been paid or reimbursed from the rents and income of such eligible rental building.

(9) Recovery of expenses of receivership; lien of receiver. (A) The expenditures made by the receiver pursuant to subparagraph seven of this paragraph shall, to the extent that they are not recovered from the rents and income of the eligible rental building collected by the receiver, constitute a debt of the owner and a lien upon such building and lot, and upon the rents and income thereof. Except as otherwise provided in this subparagraph, the provisions of article eight of subchapter five of chapter two of title twenty-seven of the administrative code of the city of New York shall govern the effect and enforcement of such debt and lien; references therein to the department of housing preservation and development shall, for purposes of this article, be deemed to refer to the receiver and, after such receiver's discharge, the department of housing preservation and development.

(B) Failure to serve a copy of the order and notice required in the manner specified by subparagraph four of this paragraph, or failure to serve any mortgagee or lienor with a copy of the order to show cause as required by clause (C) of subparagraph five of this paragraph, shall not affect the validity of the proceeding or the appointment of a receiver, but the rights of the local housing agency or of the receiver shall not in such event be superior to the rights of any mortgagee or lienor who has not been served as provided therein.

(C) Any mortgagee or lienor who at such mortgagee or lienor's expense corrects the violations to the satisfaction of the court pursuant to the provisions of clause (C) of subparagraph six of this paragraph shall have and be entitled to enforce a lien equivalent to the lien granted to the receiver in favor of the local housing agency by this subparagraph. Any mortgagee or lienor who, following the appointment of a receiver by the court, shall reimburse the receiver and the local housing agency for all costs and charges as provided by this paragraph shall be entitled to an assignment of the lien granted to the receiver in favor of the local housing agency.

(10) Obligations of owner not affected. Nothing contained in this paragraph shall be deemed to relieve the owner of any civil or criminal liability incurred or any duty imposed by law by reason of acts or omissions of the owner prior to the appointment of a receiver; nor shall anything contained in this paragraph be construed to suspend during the receivership any obligation of the owner for the payment of taxes or other operating and maintenance expenses of the eligible rental building nor of the owner or any other person for the payment of mortgages or liens.

(t) Reporting. No later than two years after the effective date of such local law authorizing an abatement pursuant to this subdivision, and annually thereafter, the local housing agency, in consultation with the department of finance, shall submit to the mayor and the speaker of the council and post on its website a report on the actions by the local housing agency in the preceding fiscal year related to rehabilitation program benefits. Such report shall include, but not be limited to:

(1) The total amount of the rehabilitation program benefits approved for each eligible building, the number of eligible buildings in each community district, neighborhood tabulation area, council district, New York state assembly district, and New York state senate district, the building classification, in accordance with section three hundred two of the New York city building code, of each such eligible building, the number of dwelling units in each such eligible building, and the number of qualifying rental units in each such eligible building; and

(2) The number of eligible buildings whose rehabilitation program benefits were terminated or revoked and the number of eligible buildings against which actions were taken, pursuant to clauses (A), (B) and (C)

of subparagraph five of paragraph (e) of this subdivision, to address noncompliance with the provisions of such subdivision, and the street address of each such eligible building.

(u) Updates to the certified reasonable cost schedule. When updating the certified reasonable cost schedule, the local housing agency shall consider the factors such agency deems relevant, such as the requirements imposed on eligible buildings by local law, including, but not limited to, articles three hundred two, three hundred twenty and three hundred twenty-one of chapter three of title twenty-eight of the administrative code of the city of New York, and the effects of inflation on such costs since the prior date the certified reasonable cost schedule was updated. The local housing agency shall publish the certified reasonable cost schedule on its website.