

**LOCAL LAWS
OF
THE CITY OF NEW YORK
FOR THE YEAR 2013**

No. 48

Introduced by Council Members Recchia, Comrie, Fidler, Koo, Nelson and Gennaro (by request of the Mayor). Passed under a Message of Necessity from the Mayor.

A LOCAL LAW

To amend the administrative code of the city of New York, in relation to exemption from taxation for alterations and improvements to multiple dwellings.

Be it enacted by the Council as follows:

Section one. Subdivision b of section 11-243 of the administrative code of the city of New York, as amended by local law number 57 for the year 2007, is amended to read as follows:

b. Subject to the limitations provided in subdivision d of this section and the restrictions in this section on conversion of buildings used in whole or in part for single room occupancy, any increase in the assessed valuation of real property shall be exempt from taxation for local purposes to the extent such increase results from the reasonable cost of: (1) the conversion of a class B multiple dwelling to a class A multiple dwelling except insofar as the gross cubic content of such building is increased thereby; or (2) the conversion of any nonresidential building or structure situated in the county of New York to a class A multiple dwelling except insofar as the gross cubic content of such building is increased; or (3) the conversion of any nonresidential building or structure situated in the counties of Bronx, Kings, Queens or Richmond to a class A multiple dwelling except insofar as the gross cubic content of such building or structure is increased thereby; or (4) alterations or improvements to the exterior of an otherwise eligible building or structure visible from a public street pursuant to a permit issued by the landmarks

commission with respect to a designated historic or landmark site or structure; or (5) alterations or improvements constituting a moderate rehabilitation of a substantially occupied class A multiple dwelling except insofar as the gross cubic content of such building or structure is increased thereby; or (6) alterations or improvements to an otherwise eligible building or structure commenced after January first, nineteen hundred eighty designed to conserve the use of fuel, electricity or other energy sources or to reduce demand for electricity, including the installation of meters for purposes of measuring the amount of electricity consumed for each dwelling unit, and conversions of direct metering to a system that includes a master meter and submeters in any cooperative, condominium, or housing development fund company organized under article eleven of the private housing finance law; or (7) alterations or improvements to existing dwellings to eliminate existing unhealthy or dangerous conditions in any such existing dwelling or replace inadequate and obsolete sanitary facilities in any such existing dwelling, any of which represents fire or health hazards, including as improvements asbestos abatement to the extent such asbestos abatement is required by federal, state or local law, except insofar as the gross cubic content of such existing dwelling is increased thereby; or (8) conversion of residential units qualified for the protection of article seven-C of the multiple dwelling law in buildings or portions thereof registered with the New York city loft board 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 (9) alterations or improvements commenced on or after September first, nineteen hundred eighty-seven 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

department of housing preservation and development pursuant to the rules and regulations promulgated pursuant to subdivision m of this section, 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 department of housing preservation and development, a subsidy in the form of a below market sale from the city of New York; or (10) alterations or improvements to any private dwelling or conversion of any private dwelling to a multiple dwelling or conversion of any multiple dwelling to a private dwelling, provided that such alterations, improvements or conversions are part of a project that 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. Such conversions, alterations or improvements shall be completed within [thirty-six] *thirty* months after the date on which same shall be started except that such [thirty-six] *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 paragraph eight of this subdivision. 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 the city of New York if alterations and improvements are completed within seven years after the date of transfer. In addition, the department of housing preservation and development may 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, improvements or conversions

are completed within sixty months from commencement of construction. Provided, further, that such conversions, alterations or improvements shall in any event be completed prior to [December thirty-first] *June thirtieth*, two thousand [eleven] *fifteen*. Exemption for conversions, alterations or improvements pursuant to paragraph one, two, three, four, six, seven, eight or ten of this subdivision shall continue for a period not to exceed fourteen years and begin no sooner than the first tax period immediately following the completion of such conversions, alterations or improvements. Exemption for alterations or improvements pursuant to paragraph five or nine of this subdivision shall continue for a period not to exceed thirty-four years and shall begin no sooner than the first tax period 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 is fully taxable. Provided, however, exemption for any conversions, 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 the city of New York and where alterations

and improvements are completed within seven years after the date of transfer may commence at the beginning of any tax period subsequent to the start of such conversions, alterations or improvements and prior to the completion of such conversions, alterations or improvements. The assessed valuation of the land occupied by such dwelling and any increase in assessed valuation resulting from conversions, alterations, or improvements other than those made pursuant to this section shall not be affected by the provisions of this section.

§ 2. Subdivision f of section 11-243 of the administrative code of the city of New York, as amended by local law number 49 for the year 1993, is amended to read as follows:

f. Subject to the provisions of subdivision d of this section, the department of housing preservation and development shall determine and certify the reasonable cost of any such conversions, alterations or improvements and eligibility for the benefits of this section and for that purpose may adopt rules and regulations, administer oaths to and take the testimony of any person, including but not limited to the owner of such property, may issue subpoenas requiring the attendance of such persons and the production of such bills, books, papers or other documents as it shall deem necessary, may make preliminary estimates of the maximum reasonable cost of such conversions, alterations or improvements, may establish maximum allowable costs of specified units, fixtures or work in such conversions, alterations or improvements, and may require the submission of plans and specifications of such conversions, alterations or improvements, and may require the submission of plans and specifications of such conversions, alterations or improvements before the start thereof. Applications for certification shall include all bills and other documents showing the cost of construction or such other evidence of such cost as shall be satisfactory to the department of housing preservation and development, including, without limitation, certification of cost by a certified public accountant in accordance with generally

accepted accounting principles. Applications for certification for a building eligible for benefits pursuant to paragraph three of subdivision d of this section, for alterations or improvements completed more than three years after its conversion to cooperative or condominium ownership, shall include such documentation of the sale price of dwelling units or stock allocated to such dwelling units as may be required by the department of housing preservation and development, including but not limited to certification of sales price by a certified public accountant. In addition, such applications shall contain the consent of the applicant to allow the department of housing preservation and development access to records, including but not limited to other tax records, as the department may deem appropriate to enforce such conditions of eligibility. Applications for certification filed [on or after January first, nineteen hundred seventy-nine] *for conversions, alterations or improvements completed after December thirty-first, two thousand eleven* pursuant to paragraphs one through seven and paragraph nine of subdivision b of this section shall be made after completion and within [forty-eight] *thirty-six* months following the start of construction of the conversion, alteration or improvement, except that applications for certification 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 the city of New York shall be made after completion and within seventy-two months following the start of the construction of the alteration or improvement. Provided, however, the department of housing preservation and development is empowered to grant an extension of the period for application for any project carried out with the substantial assistance of loans, grants or subsidies from any federal, state or local governmental agency or instrumentality, if such application is made within seventy-two

months from commencement of construction. Applications for certification pursuant to paragraph eight of subdivision b of this section shall be filed within twelve months of the date of completion as provided by such subdivision.

§ 3. Section 11-243 of the administrative code of the city of New York is amended by adding two new subdivisions i-1 and i-2 to read as follows:

i-1. (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 department of housing preservation and development, including, without limitation, financing or insurance provided by the state of New York mortgage agency or the New York city residential mortgage insurance corporation; or

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

(b) 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 of thirty thousand dollars or more per dwelling unit 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) If the conversions, alterations or improvements for which such multiple dwelling, building or structure has applied for benefits pursuant to this section are not completed on the date upon which such department of housing preservation and development inspects the items of work claimed in such application, the department of housing preservation and development 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.

(d) 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.

i-2. Notwithstanding the provisions of any general, special or local law providing for benefits pursuant to this section, applications for exemption and/or abatement under this section shall be filed electronically if the department of housing preservation and development makes electronic filing available.

§ 4. This local law shall take effect immediately and shall be deemed to have been

in full force and effect on and after December 31, 2011, provided, however, that section four of this local law shall not be deemed to change the eligibility for benefits, pursuant to such section, as a result of conversions, alterations or improvements completed before December 31, 2011.

THE CITY OF NEW YORK, OFFICE OF THE CITY CLERK, s.s.:

I hereby certify that the foregoing is a true copy of a local law of The City of New York, passed by the Council on June 12, 2013 and approved by the Mayor on July 1, 2013.

MICHAEL M. McSWEENEY, City Clerk Clerk of the Council.

CERTIFICATION OF CORPORATION COUNSEL

I hereby certify that the form of the enclosed local law (Local Law No. 48 of 2013, Council Int. No. 1010-A of 2013) to be filed with the Secretary of State contains the correct text of the local law passed by the New York City Council and approved by the Mayor.

JEFFREY D. FRIEDLANDER, Acting Corporation Counsel.