

**LOCAL LAWS  
OF  
THE CITY OF NEW YORK  
FOR THE YEAR 2023**

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**No. 109**

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Introduced by Council Members Brannan, Marte, Hudson, Farías, Brewer, Yeger, Louis and Dinowitz.

**A LOCAL LAW**

**To amend the administrative code of the city of New York, in relation to exemptions from real property taxes and payments in lieu of taxes for certain properties occupied by senior citizens or persons with disabilities**

*Be it enacted by the Council as follows:*

Section 1. Subdivisions b and i of section 26-601 of the administrative code of the city of New York, as amended by local law number 26 for the year 1991, are amended and new subdivisions m and n are added to read as follows:

b. “Dwelling unit” means that part of a dwelling in which an eligible head of the household resides and (1) which is subject to the provisions of [either] article II, IV, V, or XI of the private housing finance law[,]; or [that part of a dwelling] (2) *which was formerly subject to the provisions of article II of such law and meets the conditions set forth in section 26-602.1; or (3) which was or continues to be subject to a mortgage insured or initially insured by the federal government pursuant to section two hundred thirteen of the national housing act, as amended, in which an eligible head of the household resides; or (4) which is within an applicable battery park city property.*

i. “Maximum rent” means the maximum rent, excluding gas and electric utility charges, which has been authorized or approved by the commissioner or the supervising agency; or the

legal regulated rent established for the dwelling unit pursuant to the provisions of either article II, IV, V or XI of the private housing finance law[,] *or for the dwelling unit in real property formerly subject to article II of such law that meets the conditions set forth in section 26-602.1*; or the rental established for a cooperatively owned dwelling unit previously regulated pursuant to the provisions of article II, IV, V or XI of the private housing finance law[,] ; or the rental established for a dwelling unit[,] in a dwelling subject to a mortgage insured or initially insured by the federal government pursuant to section two hundred thirteen of the national housing act, as amended; or such rent established for a dwelling unit which was subject to a mortgage insured or initially insured by the federal government pursuant to section two hundred thirteen of the national housing act, as amended; *or the rent established for an applicable battery park city property.*

*m. "PILOT" means payment in lieu of taxes.*

*n. "Applicable battery park city property" means a property that is (1) subject to a lease or sublease with the battery park city authority; and (2) has one or more residential units which are subject to limitations on rent increases pursuant to:*

*(i) A contractual agreement with the battery park city authority, which may be within the lease or sublease between the battery park city authority and the lessee or sublessee; or*

*(ii) A regulatory agreement with the commissioner or supervising agency.*

§ 2. Section 26-602 of the administrative code of the city of New York is amended to read as follows:

§ 26-602 Real property tax exemption; *PILOT exemption.* Real property of a housing company shall be exempt from real property taxes *and real property of an applicable battery park city property shall be exempt from PILOT*, in an amount equal to the rent increase exemptions

actually credited to eligible heads of households pursuant to this chapter. Any such exemption shall be in addition to any other exemption or abatement of taxes authorized by law.

§ 3. Chapter 7 of title 26 of the administrative code of the city of New York is amended by adding a new section 26-602.1 to read as follows:

*§ 26-602.1 Exemption for real property formerly subject to article II of the private housing finance law. An eligible head of the household may obtain a rent increase exemption order for/tax abatement certificate pertaining to taxes of the city imposed on real property formerly subject to the provisions of article II of the private housing finance law prior to December fifteenth, two thousand twenty-two containing dwelling units that are subject to a regulatory agreement in which the qualifying head of household or their qualifying successor in interest (a) has a signed agreement with the landlord to limit increases in maximum rent for the lifetime of the tenancy to an amount established by the rent guidelines board in its annual guidelines for rent adjustments for housing accommodations subject to the emergency tenant protection act of nineteen seventy-four or this code or to another amount provided for in such regulatory agreement; and (b) is otherwise eligible for such rent increase exemption/tax abatement. The effective date of a rent increase exemption order/tax abatement certificate shall be May thirty-first, two thousand twenty-two for any applicant found eligible during a determination period as prescribed by the state legislature in connection with such eligibility.*

§ 4. Sections 26-603, 26-604, 26-606, 26-608, 26-609, and 26-612 of the administrative code of the city of New York, as amended by chapter 907 of the laws of 1985, are amended to read as follows:

§ 26-603 Reimbursement for rent exemptions; rent increase exemption fund established. *a.*  
In the event that the real property of a housing company *or applicable battery park city property*

containing one or more dwelling units shall be totally exempt from local and municipal real property taxes *or PILOT* for any fiscal year as a result of the exemptions from maximum rent credited pursuant to this [section] *chapter* or otherwise, the supervising agency may make or contract to make payments to a housing company *or landlord* in an amount not exceeding the amount necessary to reimburse the housing company *or landlord* for the total dollar amount of all exemptions from the payment of maximum rent accorded pursuant to this chapter to eligible heads of the household residing in dwelling units in such real property.

*b.* A fund to be known as the rent increase exemption fund shall be created and established in order to provide for the payments made pursuant to this section. There may be paid into such fund (1) all of the rental surcharges collected from the housing companies organized and existing pursuant to articles II, IV, V and XI of the private housing finance law and (2) any moneys appropriated or otherwise made available for the purpose of such fund.

§ 26-604 Rent increase exemption funding requirement. In the event that the real property of a housing company *or applicable battery park city property* containing one or more dwelling units shall be totally exempt from local and municipal real property taxes *or PILOT* as a result of the exemption from maximum rent credited pursuant to this chapter or otherwise, the supervising agency shall not issue any rent increase exemption order/tax abatement certificates unless there are monies in the rent increase exemption fund to provide reimbursement to the housing company *or landlord* for the total dollar amount of all exemptions from the payment of maximum rent accorded pursuant to this chapter to eligible heads of the household residing in dwelling units in such real property.

§ 26-606 Applications for exemption orders/tax abatement certificates; issuance and copies. The eligible head of the household shall apply annually to the supervising agency for a rent

increase exemption order/tax abatement certificate on a form to be prescribed and made available by the supervising agency. The supervising agency shall approve or disapprove applications and, if it approves, shall issue a rent increase exemption order/tax abatement certificate. Copies of such order/certificate shall be issued to the housing company managing the dwelling unit *or to the landlord of the dwelling unit within an applicable battery park city property* of the eligible head of the household, to the eligible head of the household and to the department of finance.

§ 26-608 Credit allowances; penalties for overcharge. Upon receipt of a copy of a rent increase exemption order/tax abatement certificate, the housing company managing the dwelling unit *or the landlord of the dwelling unit within an applicable battery park city property* of the eligible head of the household shall promptly accord to the eligible head of the household covered by such order/certificate the appropriate credit against the monthly maximum rent then and thereafter payable. To the extent the full amount of such credit has not been accorded for any past period since the effective date specified in the order/certificate, the housing company *or landlord* shall credit the total aggregate amount not so credited to the monthly maximum rent next payable or to such subsequent monthly maximum rents, as the supervising agency may authorize. It shall be illegal to collect any amount for which a rent increase exemption order/tax abatement certificate provides credit or to withhold credit for any such amounts already collected, and collection or retention of any such amount for a dwelling unit occupied by such eligible head of the household shall be deemed a rent overcharge, and upon conviction therefor the housing company and its directors and any employee *and any agent* responsible therefor *or the landlord and any employee and any agent responsible therefor* shall be guilty of a misdemeanor, punishable by a fine not to exceed one thousand dollars or imprisonment not to exceed six months, or both.

§ 26-609 Application for [tax] benefit; credits. In order to obtain the [tax] benefits to which it is entitled under this chapter, a housing company *or landlord of an applicable battery park city property* must file with the department of finance a sworn application, in such form as such [officer] *department* may prescribe, for any period in which the housing company *or landlord* has accorded an eligible head of the household an exemption hereunder from the payment of the maximum rent. Subject to prior or subsequent verification thereof, the department of finance shall credit the total amount of such exemptions actually accorded to occupants of dwelling units contained in the property against the real property taxes *or PILOT* next payable with respect to the property, on a prospective basis only. The housing company *or landlord* shall attach to such application copies of all rent increase exemption orders/tax abatement certificates issued to eligible heads of the household residing in dwelling units in such real property.

§ 26-612 Violations; penalties. It shall be illegal, for any person submitting an application for a rent increase [exemption]*exemption/tax abatement* pursuant to this [section] *chapter*, to make any false statement or willful misrepresentation of fact, and upon conviction thereof such applicant shall be guilty of a misdemeanor, punishable by a fine not to exceed five hundred dollars or imprisonment not to exceed ninety days, or both.

§ 5. The headings of sections 26-616 and 26-617, the heading of section 26-616 as added by local law number 26 for the year 1991 and the heading of section 26-617 as added by local law number 76 for the year 2005, are amended to read as follows:

§ 26-616[.] Notification of termination of certain mortgage.

[Section] § 26-617 Eligibility for persons with disabilities.

§ 6. This local law takes effect immediately and is retroactive to and deemed to have been in effect as of December 15, 2022 and shall apply to any application for a rent increase exemption

order/tax abatement certificate pursuant to chapter 7 of title 26 of the administrative code of the city of New York filed on or after such date.

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 22, 2023 and returned unsigned by the Mayor on July 25, 2023.

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. 109 of 2023, Council Int. No. 1051-B of 2023) to be filed with the Secretary of State contains the correct text of the local law passed by the New York City Council, presented to the Mayor and neither approved nor disapproved within thirty days thereafter.

STEPHEN LOUIS, Acting Corporation Counsel.