January 17, 2020

Summary of NYS Assemblymember Harvey Epstein’s January 6, 2020 Draft Legislation to Change the NYS Private Housing Finance Law (PHFL)

NY State Assembly Member Harvey Epstein has released draft legislation to radically change the Private Housing Finance Law (PHFL) which governs HDFCs, and introduce draconian rules that would undermine our independence and the viability of our homes.

Epstein’s draft bill is largely a combination of two previous failed attempts by New York City and State government to take control of HDFCs and effectively turn our private homes into public housing, attempts that shareholders strongly opposed and defeated: HPD’s proposed regulatory agreement in 2016, and Albany Bill S6543 in 2017.

With Epstein’s bill, which has not yet been introduced in Albany as of this writing, there would be no way out for HDFCs that don’t want to be over-regulated by HPD and forced to hire monitors such as UHAB to control their private homes.

Epstein spent months preparing his bill, working with UHAB, HPD, DHCR, Goldstein and Hall, Nixon Peabody, the NYS Attorney General’s Office and others, but HDFC shareholders weren’t properly consulted. The HDFC Coalition only recently learned of Epstein’s bill. We do not know why Epstein did not first ask HDFC shareholders what they actually want and need.

Instead, Epstein wants to introduce his bill in Albany while many of the 30,000 families in HDFCs have no idea what he is doing. No bill to radically change the PHFL should go forward so quickly. Democracy requires a transparent process, and we believe that Assemblyman Epstein should pause and take the time needed to fully and properly consult HDFC shareholders and review their proposal to change the PHFL.

No other homeowners would be treated this way. We deserve and demand better!

Please share your concerns with Assemblyman Epstein directly by calling his district office at (212) 979-9696 and please also email him at: epsteinh@nyassembly.gov
You can also visit his district office at 250 Broadway, 22nd Floor, NYC 10007.

It is also vital to voice your opposition to Epstein’s proposed PHFL bill by contacting your State Senators and Assemblymembers who can be found at the following links: www.nysenate.gov and www.nyassembly.gov/mem/search

You can quickly and easily share your opinions and concerns about Epstein’s draft bill in our survey here: https://forms.gle/cj4485c7Rsfgb8kt8 And please join our mailing list at http://bit.ly/HDFCSignup today to stay on top of the battle to save HDFCs.

See the next page for our initial summary of Epstein’s draft bill and find more information at www.hdfccoalition.org
Highlights of Assemblymember Harvey Epstein’s Jan. 6, 2020 Draft PHFL Bill

You can read Epstein’s draft bill and find more information at www.hdfccoalition.org.

- Creates new restrictions by law, and empowers HPD to create many more, that all HDFCs would be required to follow, even if no regulatory agreement is signed. Your HDFC would soon lose its tax break if it didn’t adhere to the restrictions.
- Grants HPD and the NYS Attorney General the power to take control of your HDFC’s board, revoke your building’s tax break, and reverse the sale of an apartment if it determines your co-op has violated the PHFL, regulatory agreement or the certificate of incorporation. Your HDFC might, or might not, first get a 30-day notice to cure a “violation.”
- Does not provide a new permanent tax break for HDFCs to replace the “DAMP” tax cap expiring in 2029. Instead, it empowers HPD to provide a new tax break, but only to HDFCs that have or agree to sign a regulatory agreement (RA) with new and different restrictions and agree to new restrictions to their Certificate of Incorporation (COI).
- Requires HPD to set “price caps” limiting HDFC apartment values, causing many banks to stop providing loans to both co-ops and to new shareholders because price caps convert HDFCs to truly limited equity apartments, which Fannie Mae will not underwrite.
- Has no provision to protect the equity of shareholders who saved their buildings decades ago, or for more recent shareholders who purchased at a high price.
- Limits the monthly mortgage + maintenance to 30% of the buyer’s income
- Allows HPD to set the income limit for new buyers, which could be as low as 80% of the Area Median Income, or AMI.
- Allows HPD to require that HDFCs charge residents in the same building different amounts for maintenance based on their income, how long they have lived there and how much they paid for their apartment.
- Allows HPD to issue regulatory agreements forcing HDFCs to hire monitors such as UHAB, which consulted with Epstein on his bill, to verify income, approve sales and rentals, issue fines to shareholders for non-compliance with the new rules, and report violations to HPD.
- Requires all HDFCs to evict anyone who is not of low-income, as defined by HPD, unless that person has resided in the apartment for at least two years.
- Requires that shares which are willed, transferred or sold to a person who doesn’t meet HPD’s new low-income limit, be sold to a low-income person at a price approved by HPD.
- Prohibits HDFC co-ops from converting to normal co-op status without permission from HPD, the Attorney General and NY State Supreme Court, even if an HDFC’s deed or other restrictions have expired.
- Requires all HDFCs to be regulated as non-profit charitable organizations.

SIGN-UP FOR FREE & STAY INFORMED
Join the HDFC Coalition at www.hdfccoalition.org or http://bit.ly/HDFCSignup
16, enero 2020

Resumen del proyecto de legislación para cambiar la Ley de Financiamiento de la Vivienda Privada del Estado de Nueva York (PHFL, por sus iniciales en inglés), del miembro de la Asamblea del Estado de Nueva York, Harvey Epstein, el 6 de enero de 2020.

El miembro de la Asamblea del Estado de Nueva York, Harvey Epstein, ha publicado un proyecto de ley para cambiar radicalmente la Ley de Financiamiento de la Vivienda Privada (PHFL) que rige las viviendas HDFC.

El proyecto de ley de Epstein es en gran parte una combinación de dos intentos anteriores fallidos por parte de la ciudad de Nueva York y el gobierno estatal de tomar el control de HDFC y convertir nuestras viviendas privadas en viviendas públicas, intentos a los que los accionistas se opusieron y derrotaron: el acuerdo regulatorio propuesto por HPD en 2016 y Albany Bill S6543 en 2017.

Con el proyecto de ley de Epstein, los HDFC estarán sobre regulados por HPD y obligados a contratar supervisores como UHAB para controlar nuestras casas particulares.

Epstein dedicó meses preparando su propuesta de ley, en colaboración con UHAB, HPD, DHCR, Goldstein y Hall, Nixon Peabody, y la Oficina del Fiscal General del Estado de Nueva York, entre otros. Solo recientemente La Coalición HDFC se enteró de la ley de Epstein. No sabemos por qué Epstein no preguntó primero a los accionistas de HDFC lo que necesitan o desean. Al escribir el proyecto de ley, Epstein no consultó en absoluto, a los accionistas de HDFC.

Ahora, Epstein se apresura a presentar su proyecto de ley en Albany, mientras la mayoría de las 30,000 familias actualmente en viviendas HDFC, no tienen idea de lo que está haciendo. La democracia requiere un proceso transparente, y creemos que el asambleísta Epstein debería detenerse y tomarse el tiempo necesario para consultar adecuadamente a los accionistas de HDFC.

Ningún otro propietario sería tratado de esta manera. ¡Merecemos y exigimos algo mejor!

Comparta sus inquietudes con el asambleísta Epstein directamente llamando a su oficina de distrito al (212) 979-9696 y envíele un correo electrónico a: epsteinh@nyassembly.gov. O, puede visitar su oficina en: 250 Broadway, piso 22, NYC 10007.

También es vital expresar su oposición al proyecto de ley PHFL, propuesto por Epstein, poniéndose en contacto con sus senadores estatales y miembros de la Asamblea que se pueden encontrar en los siguientes enlaces: www.nysenate.gov o www.nyassembly.gov/mem/search


Puede leer el proyecto de ley de Epstein o encontrar más información en www.hdfccoalition.org.
Aspectos a resaltar del proyecto de ley PHFL del miembro de la Asamblea Harvey Epstein del 6 de enero de 2020

Puede leer el proyecto de ley de Epstein o encontrar más información en www.hdfccoalition.org.

- Empodera HPD en crear nuevas restricciones que todos los HDFC deberían seguir, incluso si aún no se haya firmado un acuerdo reglamentario.
- Su HDFC pronto perdería su reducción de impuestos si no cumpliera con las restricciones.
- Otorga a HPD y al Fiscal General del Estado de NY el poder de tomar el control de la junta directiva de su HDFC, revocar la reducción de impuestos de su edificio y revertir la venta de un apartamento si determina que su cooperativa ha violado el PHFL, el acuerdo regulatorio o el certificado de incorporación.
- No proporciona una nueva extensión permanente de reducción de impuestos para los HDFC para reemplazar el impuesto máximo “DAMP” que vence en 2029. En cambio, otorga la discreción de HPD para proporcionar un nuevo reducción de impuestos, pero solo a los HDFC que tienen o aceptan firmar un acuerdo reglamentario (RA), con nuevas y diferentes restricciones.
- Requiere que HPD establezca “precios máximos” que limitan los valores de los apartamentos HDFC, lo cual puede causar que muchos bancos dejen de otorgar préstamos tanto a las cooperativas como a los nuevos accionistas, y que los agentes financieros como Fannie Mae no suscribirán.
- No cuenta con ninguna disposición para proteger el patrimonio de los accionistas que salvaron sus edificios hace décadas, o para los más recientes accionistas que compraron a un precio más alto.
- Limita la hipoteca mensual + mantenimiento al 30% de los ingresos del comprador.
- Permite que HPD establezca el límite de ingresos para nuevos compradores, que podría ser tan bajo con el 80% del ingreso medio del área, o AMI.
- Permite que HPD requiera que los HDFC cobren a los residentes en el mismo edificio diferentes cantidades de mantenimiento basado en sus ingresos, años de residencia en el edificio y cuánto pagaron por su apartamento.
- Permite HPD aplicar regulación de asuntos que obligan a los HDFC a contratar supervisores como UHAB, quienes asesoraron a Epstein en su proyecto de ley, para verificar ingresos, aprobar ventas y alquileres, imponer multas a los accionistas por incumplimiento de las nuevas reglas, e informar violaciones a HPD.
- Requiere que todos los HDFC desalojen a cualquier persona que no sea de bajos ingresos, según definido por HPD, a menos que hayan residido en el apartamento al menos dos años.
- Requiere que las acciones HDFC, heredadas, transferidas o la venta, solo puedan ser a una persona quien cumple con el nuevo límite de bajos ingresos de HPD, y a un precio aprobado por HPD.
- Prohíbe que las HDFC se conviertan en cooperativas normales sin antes obtener aprobación de HPD, el Fiscal General y la Corte Suprema del Estado de NY, incluso si la escritura u otras restricciones de HDFC han expirado.
- Requiere que todos los HDFC se regulen como organizaciones benéficas sin fines de lucro.

REGÍSTRESE GRATIS Y MANTÉNGASE INFORMADO
IN SENATE--Introduced by Sen

--read twice and ordered printed, and when printed to be committed to the Committee on

--------- A.
Assembly ---------

IN ASSEMBLY--Introduced by M. of A.

with M. of A. as co-sponsors

--read once and referred to the Committee on

*PRIVHFLA*
(Relates to the assets and supervision of housing development fund corporations)

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Priv H Fin. housing dev fund corp

AN ACT
to amend the private housing finance law, in relation to the assets and supervision of housing development fund corporations

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

IN SENATE

Senate introducer's signature

The senators whose names are circled below wish to join me in the sponsorship of this proposal:
s15 Addabbo  s02 Flanagan  s09 Kaminsky  s25 Montgomery  s23 Savino
s52 Akshar  s55 Funke  s07 Kaplan  s20 Myrie  s32 Sepulveda
s46 Amedore  s59 Gallivan  s26 Kavanagh  s58 O'Mara  s41 Serino
s36 Bailey  s05 Gaughran  s63 Kennedy  s62 Ort  s29 Serrano
s30 Benjamin  s12 Gianaris  s28 Krueger  s21 Parker  s51 Seward
s34 Biaggi  s22 Gounardes  s24 Lanza  s19 Persaud  s39 Skoufis
s57 Borello  s47 Grippo  s01 LaValle  s13 Ramos  s16 Savisky
s04 Boyle  s40 Harckham  s45 Little  s61 Ranzenhofer  s35 Stewart-
s44 Breslin  s54 Helming  s11 Liu  s48 Ritchie  Cousin
s08 Brooks  s27 Hoylman  s03 Martinez  s33 Rivera  s49 Tedisco
s38 Carluccio  s31 Jackson  s53 May  s56 Robach  s06 Thomas
s14 Comrie  s60 Jacobs  s37 Mayer  s18 Salazar  s50
s17 Felder  s43 Jordan  s42 Metzger  s10 Sanders

IN ASSEMBLY

Assembly introducer's signature

The Members of the Assembly whose names are circled below wish to join me in the multi-sponsorship of this proposal:
a049 Abbate  a053 Davila  a128 Hunter  a037 Nolan  a140 Schimminger
a092 Abinanti  a072 De La Rosa  a029 Hyndman  a144 Norris  a099 Schmitt
a084 Arroyo  a034 DenDekker  a104 Jacobson  a069 O'Donnell  a076 Seawright
a107 Ashby  a003 DeStefano  a097 Jaffee  a051 Ortiz  a052 Simon
a035 Aubry  a070 Dickens  a011 Jean-Pierre  a091 Otis  a036 Simotas
a120 Barclay  a054 Dillon  a135 Johns  a132 Palma  a005 Smith
a030 Barnwell  a081 Dinowitz  a115 Jones  a002 Palumbo  a118 Smulien
a106 Barrett  a147 DiPietro  a077 Joyner  a088 Paulin  a022 Solages
a060 Barron  a016 D'Urso  a040 Kim  a141 Peoples-
a082 Benedetto  a048 Eichenstein  a131 Kolb  Stokes  a110 Steck
a042 Bichotte  a004 Englebright  a105 Lalor  a058 Perry  a100 Stern
a079 Blake  a074 Epstein  a013 Lavine  a023 Pheffer  a127 Stippe
a117 Blankenbush  a109 Fahy  a134 Lawrence  Amato  a102 Tague
a098 Brabenec  a061 Fall  a050 Lentol  a086 Pichardo  a071 Taylor
a026 Braunstein  a090 Fernandez  a125 Lifton  a089 Pretlow  a001 Thiele
a138 Bronson  a126 Finch  a009 Lipietri  a073 Quart  a033 Vanel
a093 Buchwald  a008 Fitzgerald  a123 Lupardo  a019 Ra  a116 Walczyk
a142 Burke  a124 Friend  a129 Magnerelli  a006 Ramos  a055 Walker
a119 Buttenschon  a046 Frontus  a064 Malliotakis  a062 Reilly  a143 Wallace
a094 Byrne  a095 Galef  a130 Manktelow  a087 Reyes  a112 Walsh
a133 Byrnes  a137 Gantt  a108 McDonald  a043 Richardson  a041 Weinstein
a103 Cahill  a007 Garbarino  a014 McDonough  a078 Rivera  a024 Weprin
a044 Carroll  a148 Giglio  a146 McMahon  a068 Rodriguez  a059 Williams
a047 Colton  a066 Glick  a017 Mikulin  a136 Rome  a113 Woerner
a032 Cook  a150 Goodell  a101 Miller, B.  a027 Mosenthal, D.  a056 Wright
a085 Crespo  a075 Gottfried  a038 Miller, G.  a067 Mosenthal, L.  a096 Zebrowski
a122 Crouch  a021 Griffin  a020 Miller, M. L.  a025 Rocz  a012
a039 Cruz  a100 Gunther  a015 Montesano  a149 Ryan  a031
a063 Cusick  a139 Hawley  a145 Morinello  a121 Saltza
a045 Cymbrowitz  a083 Heastie  a057 Mosley  a111 Santabarbara
a018 Darling  a028 Hevesi  a065 Niou  a090 Sayegh

1) Single House Bill (introduced and printed separately in either or both houses). Uni-Bill (introduced simultaneously in both houses and printed as one bill. Senate and Assembly introducer sign the same copy of the bill).

2) Circle names of co-sponsors and return to introduction clerk with 2 signed copies of bill and 4 copies of memorandum in support (single house); or 4 signed copies of bill and 8 copies of memorandum in support (uni-bill).
Section 1. The private housing finance law is amended by adding a new section 573-a to read as follows:

§ 573-a. Assets and supervision of housing development fund corporations. 1. Except as may be specifically authorized in writing by the commissioner or the supervising agency, as the case may be, (a) a housing development fund corporation shall not cause or permit any vacant dwelling unit to be leased to, or occupied by, anyone other than families and persons of low income, (b) a housing development fund corporation organized pursuant to the not-for-profit corporation law shall not cause or permit any dwelling unit to be leased or occupied at a rent that is not affordable to families and persons of low income, as determined in accordance with standards established by the commissioner or the supervising agency, as the case may be and (c) a housing development fund corporation organized pursuant to the business corporation law shall not cause or permit the sale, transfer, assignment or issuance of any shares allocated to any dwelling unit to anyone other than families and persons of low income, or cause or permit the sale, transfer, assignment or issuance of any shares allocated to any dwelling unit for a price that is not affordable to families and persons of low income, as determined in accordance with standards established by the commissioner or the supervising agency. Where the ownership of shares allocated to any dwelling unit is transferred by operation of law, without the consent of the housing development fund corporation, to parties who are not families and persons of low income, the corporation shall not cause or permit the occupancy of the dwelling unit to which such shares are allocated until the shares have been sold or otherwise transferred to a family or person of low income that will occupy such dwelling unit; provided, however, that the corporation shall not be required to remove
any member of the prior shareholder's household who has continuously occupied the dwelling unit to which such shares are allocated as his or her sole residence for a period commencing not less than two years prior to the event which resulted in such transfer, even if the actual transfer occurred at a later date.

2. A housing development fund corporation shall not sell, transfer or assign all or substantially all of its assets, or any of its real property, without the prior written approval of the commissioner or the supervising agency. A housing development fund corporation shall either deposit the proceeds if any such sale, transfer or assignment with the commissioner or the supervising agency, or devote such proceeds to a housing project for families and persons of low income, or for related affordable housing activities, in a manner approved in writing by the commissioner or the supervising agency.

3. Notwithstanding any provision of law to the contrary, a housing development fund corporation incorporated pursuant to this article and the business corporation law shall hold annual board meetings which shall be open to all shareholders of such corporation and the minutes of such meetings shall be made available to all shareholders.

4. The certificate of incorporation of a housing development fund corporation shall not be altered or amended, and the corporation shall not be dissolved, without (a) the prior written approval of the commissioner or the supervising agency and (b) the prior written approval of any governmental entity which holds a mortgage or other lien on any assets of the corporation or to which any indebtedness of the corporation is outstanding.

5. Violations by a housing development fund corporation. (a) If the commissioner or the supervising agency determines that the housing
development fund corporation has violated any of the provisions of this article or its certificate of incorporation or has violated or failed to fulfill any agreement with or obligation to a governmental entity, the commissioner or the supervising agency may (i) appoint to the board of directors of the corporation a number of new directors sufficient to constitute a majority of such board, notwithstanding any other provision of the certificate, the by-laws of the corporation or any agreement entered into by the corporation, (ii) revoke or suspend all or part of any exemption from local real property taxation pursuant to section five hundred seventy-seven of this article or (iii) exercise any other remedies available under applicable law or pursuant to any agreement with the corporation.

(b) Unless the commissioner or the supervising agency determines that a cure of any such violation or failure is impossible, prior to exercising any of the powers provided in subdivision (a) of this section, the commissioner or the supervising agency shall either (i) provide the corporation with thirty days notice and opportunity to cure such violation, (ii) provide the corporation with such notice and opportunity to cure such violation as may be provided in any agreement between a governmental entity and the corporation or (iii) only with respect to the revocation of a tax exemption pursuant to section five hundred seventy-seven of this article, provide the corporation with such notice and opportunity to cure such violation as may be provided in a resolution of the local legislative body.

6. A housing development fund corporation shall not acquire any real property not specifically identified by address or tax parcel in its certificate of incorporation without the prior written approval of the commissioner or the supervising agency.
7. Any housing development fund corporation incorporated pursuant to the provisions of this article and the not-for-profit corporation law shall be deemed to be a charitable corporation, as defined in subparagraph three-a of paragraph (a) of section one hundred two of the not-for-profit corporation law.

8. The following provisions of the not-for-profit corporation law shall apply to any housing development fund corporation incorporated pursuant to the provisions of this article and the business corporation law: section one hundred twelve, section five hundred eight, section five hundred ten, section five hundred eleven, section five hundred eleven-a, section five hundred fifteen, paragraph (d) of section seven hundred six, paragraph (c) of section seven hundred fourteen, section seven hundred fifteen, section seven hundred sixteen, section seven hundred twenty, section nine hundred seven, section nine hundred seven-a, section nine hundred seven-b, paragraph (d) of section one thousand two, paragraph (a) of section one thousand two-a, paragraph (c) of section one thousand two-a, paragraph (b) of section one thousand three, paragraph (c) of section one thousand three, section eleven hundred one and section eleven hundred two. Where any conflict exists between the provisions of the not-for-profit corporation law listed in this subdivision and the business corporation law, the provisions of the not-for-profit corporation law shall control.

9. A housing development fund corporation incorporated pursuant to this article and the business corporation law shall not:

(a) cause or permit any shareholder to own shares allocated to more than one dwelling unit without the prior written approval of the commissioner or the supervising agency; or
(b) cause or permit any dwelling unit to be combined, eliminated, or devoted to any use other than occupancy by families or persons of low income without the prior written approval of the commissioner or the supervising agency; or

(c) cause or permit any dwelling unit to be sold at a price where the mortgage and maintenance costs of such dwelling unit would exceed thirty percent of the household income of families or persons of low income.

10. Notwithstanding any provision of paragraph (c) of section five hundred one of the business corporation law to the contrary, a housing development fund corporation incorporated pursuant to this article and the business corporation law may, with the approval of the commissioner or the supervising agency impose different charges, fees, assessments and requirements with respect to different dwelling units and the shares allocated to such dwelling units. The reasons for such different charges, fees, assessments and requirements may include, but shall not be limited to, differences in (a) the income requirements for occupancy of, or actual incomes of the households occupying, specific dwelling units, (b) the duration of ownership of shares or the date or circumstances of the purchase of such shares and (c) the degree of compliance with the proprietary lease or with any agreement between the corporation and a governmental entity.

11. Notwithstanding any provision of law to the contrary, any sale, transfer or assignment contrary to the requirements of this section shall be void.

§ 2. Subdivision 14 of section 572 of the private housing finance law, as amended by chapter 655 of the laws of 1978, is amended to read as follows:
14. "Supervising Agency." [The comptroller in a municipality having a comptroller; in a municipality having no comptroller, the chief fiscal officer of such municipality; except that] The agency in a municipality having jurisdiction over the development and operation of affordable housing, regardless of any agency specified in the certificate of incorporation of a housing development fund corporation, or, in the city of New York [it shall be], the department of housing preservation and development.

§ 3. Paragraph a of subdivision 3 of section 573 of the private housing finance law, as amended by chapter 758 of the laws of 1967, is amended to read as follows:

a. that the company has been organized exclusively to develop and operate a housing project for persons of low income;

§ 4. Section 577 of the private housing finance law is amended by adding two new subdivisions 4 and 5 to read as follows:

4. Notwithstanding the provisions of any general, special or local law, upon the commencement of an exemption pursuant to this section with respect to any real property in a project of a housing development fund corporation, such corporation may, with the consent of the commissioner or the supervising agency, terminate any other tax exemption or abatement applicable to such property.

5. Notwithstanding the provisions of any general, special or local law:

(a) owners of a unit in a housing cooperative with an income up to eighty percent of the area median income, as determined by the federal department of housing and urban development, shall be eligible for the full tax exemption available under this section;
(b) owners of a unit in a housing cooperative with an income more than
eighty percent but up to one hundred sixty-five percent of the area
median income, as determined by the federal department of housing and
urban development, shall be eligible for a partial tax exemption avail-
able under this section; and

c) owners of a unit in a housing cooperative with an income more than
one hundred sixty-five percent of the area median income, as determined
by the federal department of housing and urban development, shall not be
eligible for the tax exemption available under this section.

§ 5. Section 572 of the private housing finance law is amended by
adding a new subdivision 17 to read as follows:

17. "Person of low income." For the purposes of any provision of this
article as such provision applies to a housing development fund corpo-
ration incorporated pursuant to this article and the business corpo-
ration law, a person whose income is up to one hundred sixty-five
percent of the area median income, as determined by the federal depart-
ment of housing and urban development, and pursuant to the terms of a
regulatory agreement of the administrative agency.

§ 6. Paragraph (a) of subdivision 1 and paragraph (a) of subdivision
3 of section 577 of the private housing finance law, paragraph (a) of
subdivision 1 as amended by chapter 428 of the laws of 1980 and para-
graph (a) of subdivision 3 as amended by chapter 281 of the laws of
1970, are amended to read as follows:

(a) The local legislative body of any municipality in which a project
of a housing development fund company is or is to be located may exempt
the real property in such project from local and municipal taxes includ-
ing school taxes, other than assessments for local improvements, to the
extent of all or part of the value of the property included in the
completed project. The tax exemption shall operate and continue for such period as may be provided by such local legislative body, but in no event for a period of more than forty years for a project which is not a housing cooperative which complies with section five hundred seventy-three-a of this article, commencing in each instance from the date on which the benefits of such exemption first became available and effective.

(a) Notwithstanding the provisions of subdivision one hereof, the real property of a state urban development corporation project acquired, owned, constructed, managed or operated by a company incorporated pursuant to the not-for-profit corporation law and this article shall be entitled to all the benefits provided by section four hundred twenty-two of the real property tax law. The real property of a state urban development corporation project, other than a state urban development corporation project acquired, owned, constructed, managed or operated by a company incorporated pursuant to the not-for-profit corporation law and this article, shall be exempt from all local and municipal taxes, other than assessments for local improvements, to the extent of the value of the property included in such project as represents an increase over the assessed valuation of the real property, both land and improvements, acquired for the project on the date of its acquisition by the housing development fund company. The tax exemption shall operate and continue so long as the mortgage loans of such housing development fund company are outstanding, but in no event for a period of more than forty years for a project which is not a housing cooperative which complies with section five hundred seventy-three-a of this article, commencing in each instance from the date when such housing development fund company first acquired such property. If a state urban development corporation project
qualifying for tax exemption pursuant to this subdivision is sold, with
the approval of the commissioner, to another housing development fund
company, such successor company shall be entitled to all the benefits of
this subdivision.

§ 7. Severability. If any clause, sentence, paragraph, subdivision or
section of this act shall be adjudged by any court of competent juris-
diction to be invalid, such judgment shall not affect, impair, or inval-
date the remainder thereof, but shall be confined in its operation to
the clause, sentence, paragraph, subdivision or section thereof directly
involved in the controversy in which such judgment shall have been
rendered.

§ 8. This act shall take effect immediately.