

# STATE OF NEW YORK



Print. 5210

Intro. 4916

## IN ASSEMBLY

February 20, 1962

Introduced by Mr. CURTO—read once and referred to the  
Committee on Ways and Means

### AN ACT

To amend the private housing finance law, in relation to author-  
izing mutual limited-profit housing companies to construct  
housing with loans not exceeding ninety-five per centum  
of the project cost

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

1 Section 1. Section twelve of the private housing finance law is  
2 hereby amended by adding thereto a new subdivision, to be sub-  
3 division two-a, to read as follows:

4 2-a. "*Mutual company.*" *A company operated exclusively for*  
5 *the benefit of the persons or families who are entitled to occupancy*  
6 *in a project of such company by reason of ownership of stock in*  
7 *such company.*

8 § 2. Subdivision ten of section thirteen of such law is hereby  
9 amended to read as follows:

EXPLANATION — Matter in *italics* is new; matter in brackets [ ] is old law to be omitted.

3/8 Reptd  
3/14 3<sup>rd</sup> Edy  
Get over to  
March 19<sup>th</sup>  
3/15 Amended  
to agree  
with Sen.  
9-3712  
3/14 Amended  
all



1 10. That the entire amount to be paid in cash or property by  
2 the stockholders and income debenture holders shall be at least ten  
3 per centum of the project cost, *except that such amount shall be at*  
4 *least five per centum of the project cost in the case of a mutual*  
5 *company.*

6 § 3. Section twenty-one of such law is hereby amended to read  
7 as follows:

8 § 21. Capital structure. The capital structure of a company  
9 undertaking a project and the proportionate amount of the project  
10 cost to be represented by mortgages, bonds, notes, income debentures  
11 and stock shall be subject to the approval of the commissioner  
12 except as otherwise provided in section twenty-three with respect to  
13 a municipally-aided project. **[In no event shall the]** *The stock*  
14 *and income debentures issued by the company shall not be less than*  
15 *the total of ten per centum of the project cost, except that such*  
16 *total shall not be less than five per centum of the project cost in*  
17 *the case of a mutual company.* The stock, bonds or notes, income  
18 debentures and mortgages covering any project shall not exceed  
19 the actual project cost.

20 § 4. Subdivision two of section twenty-two of such law is hereby  
21 amended to read as follows:

22 2. Loans by the state under such a contract shall be secured by  
23 first mortgage lien, and no such loan shall be made in an amount  
24 greater than ninety per centum of the total project cost, *except*  
25 *that in the case of a mutual company such loans shall not be made*  
26 *in an amount greater than ninety-five per centum of the total*  
27 *project cost.* Notwithstanding any other provisions of law, if the



1 company proposes to sell or convey any part or parts of the mort-  
2 gaged premises prior to the sale by the state of the definitive bonds  
3 providing the funds for the state loan, the comptroller, upon the  
4 application of the company and with the prior written consent of  
5 the commissioner, may release from the first mortgage lien any  
6 part or parts of the mortgaged premises not acquired through con-  
7 demnation and not required for the project, provided that any net  
8 proceeds from the sale or conveyance of the said property will be  
9 held by the company for the sole purpose of reducing, in accord-  
10 ance with the requirements of the commissioner and comptroller,  
11 the principal amount of the state loan outstanding, and provided  
12 further that the unpaid principal amount of the state loan out-  
13 standing, and provided further that the unpaid principal amount  
14 of the state loan then outstanding, as it may be reduced by the net  
15 proceeds, if any, derived from the sale or conveyance, would not  
16 be in an amount greater than ninety per centum of the total project  
17 cost, *except that in the case of a mutual company such amount shall*  
18 *not be greater than ninety-five per centum of the total project cost.*  
19 The comptroller shall execute such release in the usual form, which,  
20 when acknowledged, shall be recorded by the county clerk and a  
21 minute thereof made upon a margin of the mortgage.

22 § 5. Subdivision one of section twenty-three of such law is hereby  
23 amended to read as follows:

24 1. A municipality may make or contract to make loans to a  
25 company in an amount not to exceed, *except in the case of a mutual*  
26 *company*, ninety per centum of the project cost to be secured by a  
27 first mortgage lien and may make temporary loans or advances



1 to a company in anticipation of a permanent municipal loan. In  
2 the case of a mutual company such loans may not exceed ninety-five  
3 per centum of the total project cost. Such mortgage, or bonds or  
4 notes secured thereby and such contract may contain such terms  
5 and conditions not inconsistent with the provisions of this article  
6 as the local legislative body may deem necessary or desirable to  
7 secure repayment of its loan, the interest thereon and other charges  
8 in connection therewith.

9 § 6. Subdivision three of section forty-two of such law is hereby  
10 amended to read as follows:

11 3. "Mortgage loan" shall mean a loan made by the agency to a  
12 company in an amount not to exceed ninety per centum of the  
13 project cost, *except that in the case of a mutual company the loan*  
14 *shall not exceed ninety-five per centum of the project cost*, and  
15 secured by a first mortgage lien on the real property of which the  
16 project consists and the personal property attached to or used in  
17 connection with the construction or operation, or both, of the  
18 project. "Company," "*mutual company*," "project cost" and  
19 "project" shall mean company, *mutual company*, project cost and  
20 project, respectively, as defined in article two of this chapter.

21 § 7. This act shall take effect May first, nineteen hundred sixty-  
22 two.



# STATE OF NEW YORK

3d Rdg. 955

Print. 5210, 5752

Intro. 4916

## IN ASSEMBLY

February 20, 1962

Introduced by Mr. CURTO—read once and referred to the Committee on Ways and Means—reported from committee, advanced to a third reading, amended and ordered reprinted, retaining its place on the order of third reading

### AN ACT

To amend the private housing finance law, in relation to authorizing mutual limited-profit housing companies to construct housing with loans not exceeding ninety-five per centum of the project cost

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

1 Section 1. Section twelve of the private housing finance law is  
2 hereby amended by adding thereto a new subdivision, to be sub-  
3 division two-a, to read as follows:

4 2-a. "Mutual company." A company operated exclusively for  
5 the benefit of the persons or families who are entitled to occupancy  
6 in a project of such company by reason of ownership of stock in  
7 such company.

8 § 2. Subdivision ten of section thirteen of such law is hereby  
9 amended to read as follows:

EXPLANATION — Matter in *italics* is new; matter in brackets [ ] is old law to be omitted.

3/22 - 3<sup>rd</sup> Rdy  
3/23 Amended  
3/27 See amended bill



1 10. That the entire amount to be paid in cash or property by  
2 the stockholders and income debenture holders shall be at least ten  
3 per centum of the project cost, *except that such amount shall be at*  
4 *least five per centum of the project cost in the case of a mutual*  
5 *company.*

6 § 3. Section twenty-one of such law is hereby amended to read  
7 as follows:

8 § 21. Capital structure. The capital structure of a company  
9 undertaking a project and the proportionate amount of the project  
10 cost to be represented by mortgages, bonds, notes, income deben-  
11 tures and stock shall be subject to the approval of the commissioner  
12 except as otherwise provided in section twenty-three with respect to  
13 a municipally-aided project. ~~[In no event shall the]~~ *The stock*  
14 *and income debentures issued by the company shall not be less than*  
15 *the total of ten per centum of the project cost, except that such*  
16 *total shall not be less than five per centum of the project cost in*  
17 *the case of a mutual company.* The stock, bonds or notes, income  
18 debentures and mortgages covering any project shall not exceed  
19 the actual project cost.

20 § 4. Subdivision two of section twenty-two of such law, as  
21 amended as section three hundred eleven of the public housing  
22 law, by chapter six hundred ninety-two of the laws of nineteen  
23 hundred sixty-one, is hereby amended to read as follows:

24 2. Loans by the state under such a contract shall be secured by  
25 first mortgage lien, and no such loan shall be made in an amount  
26 greater than ninety per centum of the total project cost, *except*  
27 *that in the case of a mutual company such loans shall not be made*



1 *in an amount greater than ninety-five per centum of the total*  
2 *project cost.* Notwithstanding any other provisions of law, if the  
3 company proposes to sell or convey any part or parts of the mort-  
4 gaged premises prior to the sale by the state of the definitive bonds  
5 providing the funds for the state loan, the comptroller, upon the  
6 application of the company and with the prior written consent of  
7 the commissioner, may release from the first mortgage lien any  
8 part or parts of the mortgaged premises not acquired through con-  
9 demnation and not required for the project, provided that any net  
10 proceeds from the sale or conveyance of the said property will be  
11 held by the company for the sole purpose of reducing, in accord-  
12 ance with the requirements of the commissioner and comptroller,  
13 the principal amount of the state loan outstanding, and provided  
14 further that the unpaid principal amount of the state loan then  
15 outstanding, as it may be reduced by the net proceeds, if any,  
16 derived from the sale or conveyance, would not be in an amount  
17 greater than ninety per centum of the total project cost, *except*  
18 *that in the case of a mutual company such amount shall not be*  
19 *greater than ninety-five per centum of the total project cost.*  
20 The comptroller shall execute such release in the usual form, which,  
21 when acknowledged, shall be recorded by the county clerk and a  
22 minute thereof made upon a margin of the mortgage.

23 § 5. Subdivision one of section twenty-three of such law is hereby  
24 amended to read as follows:

25 1. A municipality may make or contract to make loans to a  
26 company in an amount not to exceed, *except in the case of a mutual*  
27 *company,* ninety per centum of the project cost to be secured by a



1 first mortgage lien and may make temporary loans or advances  
2 to a company in anticipation of a permanent municipal loan. *In*  
3 *the case of a mutual company such loans may not exceed ninety-five*  
4 *per centum of the total project cost.* Such mortgage, or bonds or  
5 notes secured thereby and such contract may contain such terms  
6 and conditions not inconsistent with the provisions of this article  
7 as the local legislative body may deem necessary or desirable to  
8 secure repayment of its loan, the interest thereon and other charges  
9 in connection therewith.

10 § 6. Subdivision three of section forty-two of such law is hereby  
11 amended to read as follows:

12 3. "Mortgage loan" shall mean a loan made by the agency to a  
13 company in an amount not to exceed ninety per centum of the  
14 project cost, *except that in the case of a mutual company the loan*  
15 *shall not exceed ninety-five per centum of the project cost,* and  
16 secured by a first mortgage lien on the real property of which the  
17 project consists and the personal property attached to or used in  
18 connection with the construction or operation, or both, of the  
19 project. "Company," "*mutual company,*" "project cost" and  
20 "project" shall mean company, *mutual company,* project cost and  
21 project, respectively, as defined in article two of this chapter.

22 § 7. This act shall take effect May first, nineteen hundred sixty-  
23 two.



# STATE OF NEW YORK



3d Rdg. 955 Print. 5210, 5752, 5917 Intro. 4916

## IN ASSEMBLY

February 20, 1962

Introduced by Mr. CURTO—read once and referred to the Committee on Ways and Means—reported from committee, advanced to a third reading, amended and ordered reprinted, retaining its place on the order of third reading—again amended on third reading, ordered reprinted, retaining its place on the order of third reading and re-engrossed

### AN ACT

To amend the private housing finance law, in relation to authorizing mutual limited-profit housing companies to construct housing with loans not exceeding ninety-five per centum of the project cost

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

1 Section 1. Section twelve of the private housing finance law is  
2 hereby amended by adding thereto a new subdivision, to be sub-  
3 division two-a, to read as follows:

4 2-a. "*Mutual company.*" *A company operated exclusively for*  
5 *the benefit of the persons or families who are entitled to occupancy*  
6 *in a project of such company by reason of ownership of stock in*  
7 *such company.*

8 § 2. Subdivision ten of section thirteen of such law is hereby  
9 amended to read as follows:

EXPLANATION — Matter in *italics* is new; matter in brackets [ ] is old law to be omitted.

3/28-3<sup>rd</sup> Rdg  
3/8 Passed



1 10. That the entire amount to be paid in cash or property by  
2 the stockholders and income debenture holders shall be at least ten  
3 per centum of the project cost, *except that such amount shall be at*  
4 *least five per centum of the project cost in the case of a mutual*  
5 *company. The provisions of this subdivision shall not apply to a*  
6 *non-profit company incorporated pursuant to the provisions of*  
7 *the membership corporations law and this article for the purpose*  
8 *of providing housing for staff members or employees of a hospital*  
9 *and their immediate family or for aged persons of low income.*

10 § 3. Section twenty-one of such law is hereby amended to read  
11 as follows:

12 § 21. Capital structure. The capital structure of a company  
13 undertaking a project and the proportionate amount of the project  
14 cost to be represented by mortgages, bonds, notes, income debentures  
15 and stock shall be subject to the approval of the commissioner  
16 except as otherwise provided in section twenty-three with respect to  
17 a municipally-aided project. [In no event shall the] *The stock*  
18 *and income debentures issued by [the] a company other than a*  
19 *non-profit company incorporated pursuant to the provisions of the*  
20 *membership corporations law and this article for the purpose of*  
21 *providing housing for staff members or employees of a hospital and*  
22 *their immediate family or for aged persons of low income shall not*  
23 *be less than the total of ten percentum of the project cost, except*  
24 *that such total shall not be less than five per centum of the project*  
25 *cost in the case of a mutual company. The stock, bonds or notes,*  
26 *income debentures and mortgages covering any project shall not*  
27 *exceed the actual project cost.*



1 § 4. Subdivision two of section twenty-two of such law, as  
2 amended as section three hundred eleven of the public housing  
3 law, by chapter six hundred ninety-two of the laws of nineteen  
4 hundred sixty-one, is hereby amended to read as follows:

5 2. Loans by the state under such a contract shall be secured by  
6 first mortgage lien, and no such loan shall be made in an amount  
7 greater than ninety per centum of the total project cost, *except*  
8 *that in the case of a mutual company or a non-profit company in-*  
9 *corporated pursuant to the provisions of the membership corpora-*  
10 *tions law and this article for the purpose of providing housing for*  
11 *staff members or employees of a hospital and their immediate*  
12 *family or for aged persons of low income such loans shall not be*  
13 *made in an amount greater than ninety-five per centum of the total*  
14 *project cost.* Notwithstanding any other provisions of law, if the  
15 company proposes to sell or convey any part or parts of the mort-  
16 gaged premises prior to the sale by the state of the definitive bonds  
17 providing the funds for the state loan, the comptroller, upon the  
18 application of the company and with the prior written consent of  
19 the commissioner, may release from the first mortgage lien any  
20 part or parts of the mortgaged premises not acquired through con-  
21 demnation and not required for the project, provided that any net  
22 proceeds from the sale or conveyance of the said property will be  
23 held by the company for the sole purpose of reducing, in accord-  
24 ance with the requirements of the commissioner and comptroller,  
25 the principal amount of the state loan outstanding, and provided  
26 further that the unpaid principal amount of the state loan then  
27 outstanding, as it may be reduced by the net proceeds, if any,



1 derived from the sale or conveyance, would not be in an amount  
2 greater than ninety per centum of the total project cost, *except*  
3 *that in the case of a mutual company or a non-profit company in-*  
4 *corporated pursuant to the provisions of the membership corpora-*  
5 *tions law and this article for the purpose of providing housing*  
6 *for staff members or employees of a hospital and their immediate*  
7 *family or for aged persons of low income such amount shall not be*  
8 *greater than ninety-five per centum of the total project cost.*  
9 The comptroller shall execute such release in the usual form, which,  
10 when acknowledged, shall be recorded by the county clerk and a  
11 minute thereof made upon a margin of the mortgage.

12 § 5. Subdivision one of section twenty-three of such law is hereby  
13 amended to read as follows:

14 1. A municipality may make or contract to make loans to a  
15 company in an amount not to exceed, *except in the case of a mutual*  
16 *company, or a non-profit company incorporated pursuant to the*  
17 *provisions of the membership corporations law and this article for*  
18 *the purpose of providing housing for staff members or employees*  
19 *a hospital and their immediate family or for aged persons of low*  
20 *income ninety per centum of the project cost to be secured by a*  
21 *first mortgage lien and may make temporary loans or advances*  
22 *to a company in anticipation of a permanent municipal loan. In*  
23 *the case of a mutual company or a non-profit company incorporated*  
24 *pursuant to the provisions of the membership corporations law and*  
25 *this article for the purpose of providing housing for staff members*  
26 *or employees of a hospital and their immediate family or for aged*  
27 *persons of low income such loans may not exceed ninety-five*



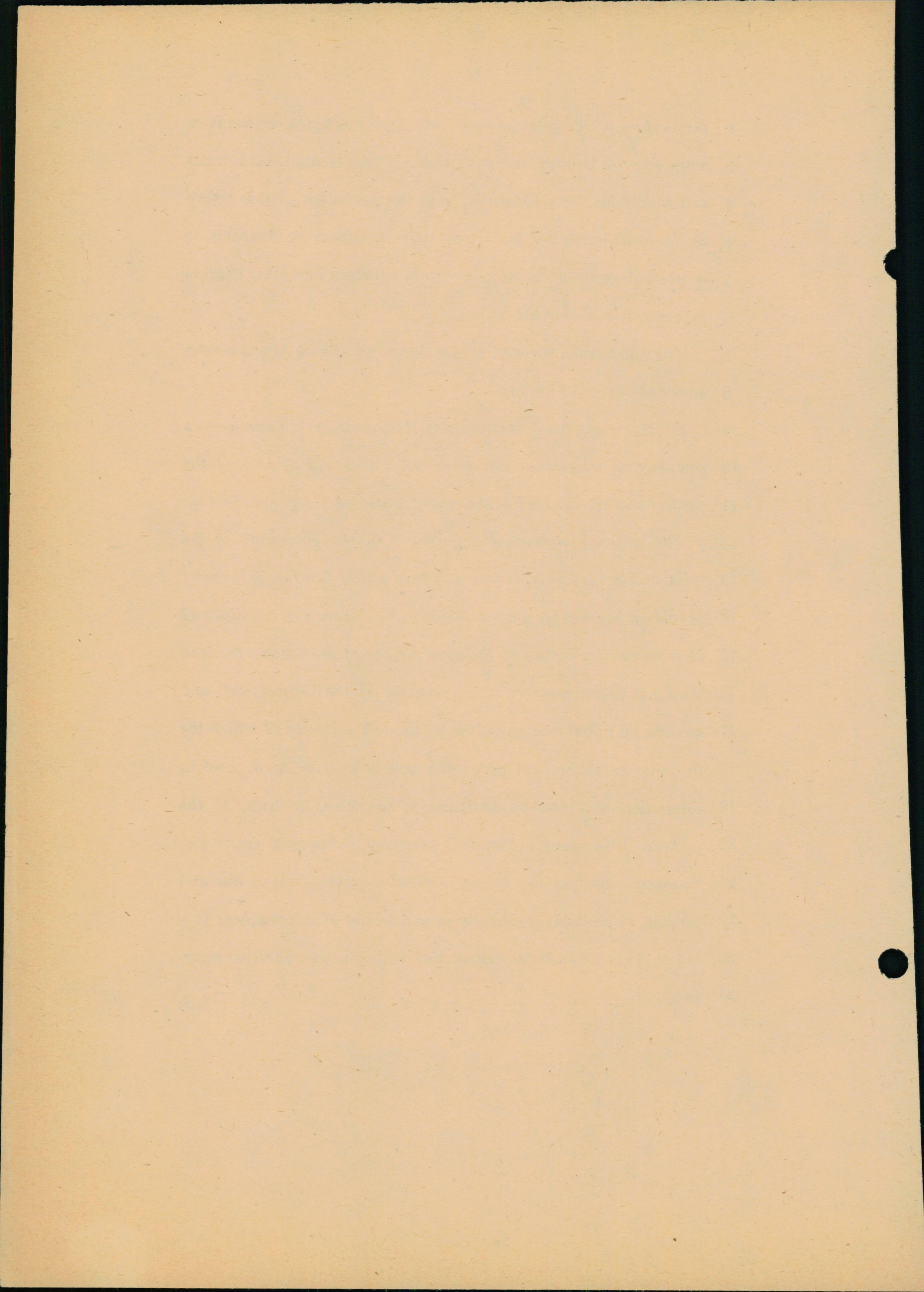
1 *per centum of the total project cost.* Such mortgage, or bonds or  
2 notes secured thereby and such contract may contain such terms  
3 and conditions not inconsistent with the provisions of this article  
4 as the local legislative body may deem necessary or desirable to  
5 secure repayment of its loan, the interest thereon and other charges  
6 in connection therewith.

7 § 6. Subdivision three of section forty-two of such law is hereby  
8 amended to read as follows:

9 3. "Mortgage loan" shall mean a loan made by the agency to a  
10 company in an amount not to exceed ninety per centum of the  
11 project cost, *except that in the case of a mutual company or a non-*  
12 *profit company incorporated pursuant to the provisions of the*  
13 *membership corporations law and this article for the purpose of*  
14 *providing housing for staff members or employees of a hospital and*  
15 *their immediate family or for aged persons of low income the loan*  
16 *shall not exceed ninety-five per centum of the project cost, and*  
17 secured by a first mortgage lien on the real property of which the  
18 project consists and the personal property attached to or used in  
19 connection with the construction or operation, or both, of the  
20 project. "Company," "*mutual company,*" "project cost" and  
21 "project" shall mean company, *mutual company,* project cost and  
22 project, respectively, as defined in article two of this chapter.

23 § 7. This act shall take effect May first, nineteen hundred sixty-  
24 two.















# STATE OF NEW YORK



Print. 5211

Intro. 4917

## IN ASSEMBLY

February 20, 1962

Introduced by Mr. CURTO—read once and referred to the  
Committee on Ways and Means

### CONCURRENT RESOLUTION OF THE SENATE AND ASSEMBLY

Proposing amendments to sections one, two, four, six and ten of article eighteen of the constitution, in relation to the powers of the legislature in aid of housing, urban renewal programs, and rehabilitation and improvement of substandard dwellings and in relation to the contracting of municipal indebtedness for such purposes

- 1 Section 1. Resolved (if the Senate concur), That sections one,
- 2 two, four, six and ten of article eighteen of the constitution be
- 3 amended to read, respectively, as follows:
- 4 Section 1. Subject to the provisions of this article, the legislature
- 5 may provide in such manner, by such means and upon such terms
- 6 and conditions as it may prescribe for (1) [low rent] housing for
- 7 persons [of low income as defined by law, or for the clearance,
- 8 replanning, reconstruction and rehabilitation of substandard and
- 9 insanitary areas] *whose housing needs cannot be met by the unaided*
- 10 *operations of private enterprise, as determined by law, including*

EXPLANATION — Matter in *italics* is new; matter in brackets [ ] is old law to be omitted.

3/15 Opinion from  
Att'y Gen'l referred  
to Ways & Means

3/19 Went to Palms

3/19 Report out, 2 Palms

3/21 Amend to  
to agree  
with  
S-3715

See amended bill



1 such clearance, replanning, reconstruction and rehabilitation of sub-  
2 standard and insanitary areas as may be related thereto; or (2) urban  
3 renewal programs, as defined by law, including clearance, replan-  
4 ning, reconstruction, rehabilitation, renewal, redevelopment, con-  
5 servation or improvement of slum, blighted, deteriorated or deteri-  
6 orating areas, or any combination thereof; or (3) rehabilitation and  
7 improvement of substandard dwellings where it has been deter-  
8 mined by law that such rehabilitation and improvement cannot be  
9 accomplished by the unaided operations of private enterprise, or  
10 for [both] any one or more of such purposes, and for recreational  
11 and other facilities incidental or appurtenant thereto.

12 § 2. For and in aid of such purposes, notwithstanding any pro-  
13 vision in any other article of this constitution, but subject to the  
14 limitations contained in this article, the legislature may: make or  
15 contract to make or authorize to be made or contracted capital or  
16 periodic subsidies by the state to any city, town, village, or public  
17 corporation, payable only with moneys appropriated therefor from  
18 the general fund of the state; authorize any city, town or village  
19 to make or contract to make such subsidies to any public corpora-  
20 tion, payable only with moneys locally appropriated therefor from  
21 the general or other fund available for current expenses of such  
22 municipality; authorize the contracting of indebtedness for the  
23 purpose of providing moneys out of which it may make or contract  
24 to make or authorize to be made or contracted loans by the state to  
25 any city, town, village or public corporation; authorize any city,  
26 town or village to make or contract to make loans to any public  
27 corporation; authorize any city, town or village to guarantee the



1 principal of and interest on, or only the interest on, indebtedness  
2 contracted by a public corporation; authorize and provide for  
3 loans by the state and authorize loans by any city, town or village  
4 to or in aid of (a) corporations regulated by law as to rents, profits,  
5 dividends and disposition of their property or franchises and  
6 engaged in providing housing facilities; authorize any city, town  
7 or village to make loans to] and (b) the owners of [existing mul-  
8 tiple] *substandard* dwellings for the rehabilitation and improve-  
9 ment thereof [for occupancy by persons of low income as defined  
10 by law]; grant or authorize tax exemptions in whole or in part,  
11 except that no such exemption may be granted or authorized for a  
12 period of more than sixty years; authorize cooperation with and  
13 the acceptance of aid from the United States; grant the power of  
14 eminent domain to any city, town or village, to any public corpo-  
15 ration and to any corporation regulated by law as to rents, profits,  
16 dividends and disposition of its property or franchises and engaged  
17 in providing housing facilities.

18 As used in this article, the term "public corporation" shall  
19 mean any corporate governmental agency (except a county or  
20 municipal corporation) organized pursuant to law to accomplish  
21 any or all of the purposes specified in this article.

22 § 4. To effectuate any of the purposes of this article, the legisla-  
23 ture may authorize any city, town or village to contract indebted-  
24 ness to an amount which shall not exceed two per centum of the  
25 average [assessed] *full* valuation of the *taxable* real estate of such  
26 city, town or village [subject to taxation], as determined [by the  
27 last completed assessment roll and the four preceding assessment



1 rolls of such city, town or village, for city, town or village taxes  
2 prior to the contracting of such indebtedness] *in the manner pre-*  
3 *scribed in article eight of this constitution.* In ascertaining the  
4 power of a city, town or village [having a population of five thou-  
5 sand or more as determined by the last federal census,] to contract  
6 indebtedness pursuant to this article there may be excluded (a)  
7 any such indebtedness if the project or projects aided by guaran-  
8 tees representing such indebtedness or by loans for which such  
9 indebtedness was contracted shall have yielded during the preced-  
10 ing year net revenue to be determined annually by deducting from  
11 the gross revenues, including periodic subsidies therefor, received  
12 from such project or projects, all costs of operation, maintenance,  
13 repairs and replacements, and the interest on such indebtedness  
14 and the amounts required in such year for the payment of such  
15 indebtedness; provided that in the case of guarantees such interest  
16 and such amounts shall have been paid, and in the case of loans  
17 an amount equal to such interest and such amounts shall have been  
18 paid to such city, town or village; and (b) *certificates or other*  
19 *evidences of such indebtedness issued in anticipation of the receipt*  
20 *of moneys in connection with any urban renewal program or part*  
21 *thereof (1) from the sale of real property, or any interest therein,*  
22 *acquired for or incidental to an urban renewal program, or (2)*  
23 *from the United States government, or (3) from the state of New*  
24 *York, or from any or all of such sources; excepting any such cer-*  
25 *tificates or other evidences of indebtedness or renewals thereof*  
26 *which are not retired within ten years after their date of original*  
27 *issue.* The legislature shall prescribe the method by which the



1 amount of any [such] indebtedness to be excluded *under (a) above*  
2 shall be determined, and no [such] indebtedness shall be excluded  
3 *thereunder* except in accordance with such determination[. The];  
4 *and the* legislature may confer appropriate jurisdiction on the  
5 *state comptroller, or the* appellate division of the supreme court in  
6 the judicial departments in which such cities, *towns* or villages are  
7 located, for the purpose of determining the amount of any [such]  
8 indebtedness to be [so] excluded *thereunder*.

9 The liability of a city, town or village on account of any contract  
10 for capital or periodic subsidies to be paid subsequent to the then  
11 current year shall, for the purpose of ascertaining the power of  
12 such city, town or village to contract indebtedness, be deemed  
13 indebtedness in the amount of the commuted value of the total of  
14 such capital or periodic subsidies remaining unpaid, calculated on  
15 the basis of an annual interest rate of four per centum. Such  
16 periodic subsidies shall not be contracted for a period longer than  
17 the life of the projects assisted thereby, and in no event for more  
18 than sixty years. Indebtedness contracted pursuant to this article  
19 shall be excluded in ascertaining the power of a city, *town* or [such]  
20 village otherwise to create indebtedness under any other section of  
21 this constitution. Notwithstanding the foregoing the legislature  
22 shall not authorize any city, *town* or village [having a population  
23 of five thousand or more] to contract indebtedness hereunder in  
24 excess of the limitations prescribed by any other article of this  
25 constitution unless at the same time it shall by law require such  
26 city, *town* or village to levy annually a tax or taxes other than an ad  
27 valorem tax on real estate to an extent sufficient to provide for



1 the payment of the principal of and interest on any such indebted-  
2 ness. Nothing herein contained, however, shall be construed to  
3 prevent such city, *town* or village from pledging its faith and  
4 credit for the payment of such principal and interest nor shall any  
5 such law prevent recourse to an ad valorem tax on real estate to  
6 the extent that revenue derived from such other tax or taxes in  
7 any year, together with revenues from the project or projects aided  
8 by the proceeds of such indebtedness, shall become insufficient to  
9 provide fully for payment of such principal and interest in that  
10 year.

11 § 6. No loan or subsidy shall be made by the state to aid any  
12 project unless such project is in conformity with a plan or under-  
13 taking [for the clearance, replanning and reconstruction or  
14 rehabilitation of a substandard and insanitary area or areas and  
15 for recreational and other facilities incidental or appurtenant  
16 thereto] *consistent with the purposes set forth in section one of*  
17 *this article.* The legislature may provide additional conditions to  
18 the making of such loans or subsidies consistent with [the] *such*  
19 purposes [of this article]. The occupancy of any [such] *housing*  
20 project shall be restricted [to persons of low income as defined by  
21 law] *consistent with the purposes set forth in section one of this*  
22 *article* and preference in occupancy thereof shall be given to per-  
23 sons who live or shall have lived in [in such] *the project area [or*  
24 *areas].*

25 § 10. The legislature is empowered to make all laws which it  
26 shall deem necessary and proper for carrying into execution the  
27 foregoing powers. This article shall be construed as extending



1 powers which otherwise might be limited by other articles of this  
2 constitution and shall not be construed as imposing additional limi-  
3 tations; but nothing in this article contained shall be deemed to  
4 authorize or empower the state, or any city, town, village or public  
5 corporation, to engage in any private business or enterprise other  
6 than [the building and operation of low rent dwelling houses for  
7 persons of low income as defined by law, or the loaning of money  
8 to owners of existing multiple dwellings as herein provided] as  
9 *authorized by or pursuant to this article.*

10 § 2. Resolved (if the Senate concur), That the foregoing amend-  
11 ments be referred to the first regular legislative session convening  
12 after the next succeeding general election of members of the assem-  
13 bly, and, in conformity with section one of article nineteen of the  
14 constitution, be published for three months previous to the time of  
15 such election.



M E M O R A N D U M

RE:

AN ACT to amend the private housing finance law, in relation to authorizing mutual limited-profit housing companies to construct housing with loans not exceeding ninety-five per centum of the project cost

Curtis —  
W.M.  
ai 4916

Purpose of Bill:

To reduce the initial investment required for the purchase of middle-income cooperative apartments by decreasing the amount of the equity investment required in mutual limited-profit housing companies from 10% to 5% of project cost.

Summary of Provisions of Bill:

This bill would:

(1) Provide that loans by the State, by a municipality or by the New York State Housing Finance Agency to a mutual company, defined as a limited-profit housing company operated exclusively for the benefit of persons or families entitled to occupancy by reason of stock ownership, may be made in amounts up to 95% of project cost. The present limit is 90%; and

(2) Provide that the amount to be paid in cash or property by the stockholders and income debenture holders, in the case of a mutual company, shall be at least 5%. The present requirement is 10%.

Justification for Bill:

Thousands of financially reliable families have been barred from privately sponsored cooperative middle-income housing through inability to raise enough cash to make the required down payment upon purchase.

This initial investment is often as high as \$2500, depending upon the size of the apartment purchased.

Under this bill, the required down payment could be cut in half for apartments in any limited-profit cooperative undertaking 95% loan-to-project-cost financing.

Under a companion bill, enabling the New York State Housing Finance Agency to implement the Home Owners Purchase Endorsement (HOPE) program, non-profit H.F.A.-financed limited profit housing companies would be able to reduce the cash down payment to as low as \$200 per apartment.

Both bills will enable thousands of families, presently barred from privately-sponsored middle-income cooperative developments, because they cannot raise the requisite cash down payment, but who are nevertheless financially reliable, to take advantage of the rapidly expanding middle-income housing programs in New York State.



PROGRAM  
BILL 43

AN ACT to amend the private housing finance law, in relation to authorizing mutual limited-profit housing companies to construct housing with loans not exceeding ninety-five per centum of the project cost

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

Section 1. Section twelve of the private housing finance law is hereby amended by adding thereto a new subdivision, to be subdivision two-a, to read as follows:

---

I            2-a. "Mutual company." A company operated exclusively  
T  
A for the benefit of the persons or families who are entitled to  
L  
I occupancy in a project of such company by reason of ownership of  
C  
S stock in such company.

---

§ 2. Subdivision ten of section thirteen of such law is hereby amended to read as follows:

10. That the entire amount to be paid in cash or property by the stockholders and income debenture holders shall be at least ten per centum of the project cost, except that such amount shall be at least five per centum of the project cost in the case of a mutual company.

§ 3. Section twenty-one of such law is hereby amended to read as follows:

§ 21. Capital structure. The capital structure of a company undertaking a project and the proportionate amount of the project cost to be represented by mortgages, bonds, notes, income debentures and stock shall be subject to the approval of the commissioner except as otherwise provided in section twenty-three with respect to a municipally-aided project. [In no event shall the] The stock and income debentures issued by the company shall not be less than the total of ten per centum of the project cost,



except that such total shall not be less than five per centum of the project cost in the case of a mutual company. The stock, bonds or notes, income debentures and mortgages covering any project shall not exceed the actual project cost.

§ 4. Subdivision two of section twenty-two of such law is hereby amended to read as follows:

2. Loans by the state under such a contract shall be secured by first mortgage lien, and no such loan shall be made in an amount greater than ninety per centum of the total project cost, except that in the case of a mutual company such loans shall not be made in an amount greater than ninety-five per centum of the total project cost. Notwithstanding any other provisions of law, if the company proposes to sell or convey any part or parts of the mortgaged premises prior to the sale by the state of the definitive bonds providing the funds for the state loan, the comptroller, upon the application of the company and with the prior written consent of the commissioner, may release from the first mortgage lien any part or parts of the mortgaged premises not acquired through condemnation and not required for the project, provided that any net proceeds from the sale or conveyance of the said property will be held by the company for the sole purpose of reducing, in accordance with the requirements of the commissioner and comptroller, the principal amount of the state loan outstanding, and provided further that the unpaid principal amount of the state loan then outstanding, as it may be reduced by the net proceeds, if any, derived from the sale or conveyance, would not be in an amount greater than ninety per centum of the total project cost, except that in the case of a mutual company such amount shall not be greater than ninety-five per centum of the total project cost. The comptroller shall execute such release in the usual form, which, when acknowledged, shall be recorded by the county clerk and a minute thereof made upon a margin of the mortgage.

§ 5. Subdivision one of section twenty-three of such law



is hereby amended to read as follows:

1. A municipality may make or contract to make loans to a company in an amount not to exceed, except in the case of a mutual company, ninety per centum of the project cost to be secured by a first mortgage lien and may make temporary loans or advances to a company in anticipation of a permanent municipal loan. In the case of a mutual company such loans may not exceed ninety-five per centum of the total project cost. Such mortgage, or bonds or notes secured thereby and such contract may contain such terms and conditions not inconsistent with the provisions of this article as the local legislative body may deem necessary or desirable to secure repayment of its loan, the interest thereon and other charges in connection therewith.

§ 6. Subdivision three of section forty-two of such law is hereby amended to read as follows:

3. "Mortgage loan" shall mean a loan made by the agency to a company in an amount not to exceed ninety per centum of the project cost, except that in the case of a mutual company the loan shall not exceed ninety-five per centum of the project cost, and secured by a first mortgage lien on the real property of which the project consists and the personal property attached to or used in connection with the construction or operation, or both, of the project. "Company," "mutual company," "project cost" and "project" shall mean company, mutual company, project cost and project, respectively, as defined in article two of this chapter.

§ 7. This act shall take effect May first, nineteen hundred sixty-two.



# The Real Estate Board of New York, Inc.

REAL ESTATE BOARD BUILDING • 12 EAST 41ST STREET



NEW YORK 17, N. Y. • TELEPHONE LEXINGTON 2-3100

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Rexford E. Tompkins

Hon. Ernest Curto  
Assembly Chamber  
Albany, N. Y.

New York,

March 26, 1962

Herewith find recommendations of the Legislation Committee

of this Board on

A Int. 4916 , Pr.

By: Curto


S Int. 3712 , Pr.

By: Mitchell

Amends §§12, 13, 21-23, 42, Private Housing Finance Law, to provide that loans by state to mutual limited-profit housing companies for housing construction, shall not be greater than 95 per cent of total project cost, instead of 90 per cent, present maximum.

This Board is opposed to the increase in the permissible public mortgage from 90 to 95%.

DISAPPROVED.

  
JOHN R. O'DONOGHUE  
Executive Secretary  
Owners Division

cc: Hon. Joseph F. Carlino  
Hon. Fred W. Preller