

Exemption Administration Manual - Part 2
Multiple Dwellings

Section 4.07 - PHFL Section 577(3)

Housing Development Fund Companies
(UDC subsidiary other than not-for-profit)

PHFL Section 577(3)

Exemption Code(s): 48660

Year Originally Enacted: 1966

Related Statutes: None.

SUMMARY: Real property that (1) is owned or under the control of a housing development fund company which is a subsidiary of the NYS Urban Development Corporation (UDC) but is not organized on a not-for-profit basis, or (2) was once owned by such a housing company and has been sold to another housing development fund company with the approval of the State Commissioner of Housing, and (3) is used for co-op low-income housing is partially exempt from taxation, but is liable for special ad valorem levies and special assessments.

A. ELIGIBILITY REQUIREMENTS:

- Ownership Requirements:** Property (1) must be owned or under the control of a housing development fund company which is a subsidiary of the UDC but is not organized on a not-for-profit basis or (2) must have been acquired by a housing development fund company from such a UDC subsidiary. To qualify as a UDC subsidiary, more than half of the voting shares of the housing company must be held or owned by the UDC or more than half of the directors, trustees, or members of the company must be UDC designees. The specific organizational requirements are as follows:

Housing development fund company (other than not-for-profit):

Laws under which incorporation required: PHFL Article 11 and Bsns Corp L.

Restrictions on corporate purposes or activities as stated in certificate of incorporation: (1) Corporation must be organized exclusively to develop a housing project of persons for low income, (2) all income of the corporation must be used exclusively for its corporate purposes, (3) none of the corporation's net income may inure to the benefit or profit of any private individual or organization, and (4) each of corporation's housing projects must be operated exclusively on a co-op basis (i.e., for the benefit of persons or families entitled to occupancy in the project through ownership of shares in the corporation).

In addition, if the property is not subject to a state-aided, federally aided, or municipally aided mortgage, to be eligible for exemption the housing company must enter into a regulatory agreement with the State Commissioner of Housing.

- Property Location Requirements:** None.
- Property Use Requirements:** Property must be used for low-income housing (for a description of tenant income limits, see Chart ID, PHFL Article 11, 576, 577-a). In addition, the housing project must be operated entirely on a co-op basis.
- Certification by State or Local Government:** None required.
- Required Construction Start Date or Other Time Requirement:** None.

B. LOCAL OPTION: No.

C. LIMITATION ON EXEMPTION:

	General Municipal Taxes	School District Taxes	Special Ad Valorem Tax	Special Assessments
1. Amount	Yes*	Yes*	No exemption allowed	No exemption allowed
2. Duration	Yes**	Yes**	No exemption	No exemption

			exemption allowed	exemption allowed
3. Taxing Jurisdiction				
a. County or County Special Districts	Ex	NA	Tax	Tax
b. City	Ex	NA	NA	Tax
c. Town or Town Special District	Ex	NA	Tax	Tax
d. Village	Ex	NA	NA	Tax
e. School District	NA	Ex	NA	NA
	Ex-Exempt	Tax-Taxable	NA-Not Applicable	

* Amount of exemption is limited to the increase in assessed value over the value of the property at the time of its acquisition by the housing company.

** In the case of property subject to a state-aided, federally-aided, or municipally-aided mortgage, duration of exemption is limited to the period during which the mortgage loans of the housing company are outstanding, but in no event for a period of more than 40 years. For other property, duration of exemption is limited to the period during which the housing company's regulatory agreement with the State Commissioner of Housing is in effect.

D. **PAYMENTS IN LIEU OF TAXES:** None required.

E. **CALCULATION OF EXEMPTION:**

1. **General Municipal and School District Taxes:** Increase in assessed value over the value of the property at the time of its acquisition by the housing company.
2. **Special Ad Valorem Levies and Special Assessments:** No exemption allowed.

F. **CODING OF EXEMPTION ON ASSESSMENT ROLL:**

<u>Code</u>	<u>Description of Alternative Codes Possible</u>
48660	

Assessment Roll Section(s): Taxable (ARLM Section 1).

NOTE: This code should not be used to identify property that is exempt under any of the statutes listed under Similar Exemptions below.

G. **FILING REQUIREMENTS (Owner or Occupant of Property):** None.

H. **REPORTING REQUIREMENTS (Assessor):** None.

I. **SIMILAR EXEMPTIONS:** See [Chart IA](#) and [Chart IB](#).

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