

Exemption Administration Manual - Part 2

Multiple Dwellings

Section 4.07 - PHFL Section 93(3), 93(5)

Limited-Dividend Housing Companies
(Project completed prior to January 1, 1939)

PHFL Section 93(3), 93(5)

Exemption Code(s): 4854

Year Originally Enacted: 1939

Related Statutes: None

SUMMARY: To the extent allowed by local option, improvements in a limited-dividend housing company project which (1) is used for low-income or moderate-income housing and (2) was completed prior to January 1, 1939 are exempt from general municipal and school district taxes. The exemption applies to property improvements only; land value is not exempt. In addition, the property is liable for special ad valorem levies and special assessments. The exemption granted, if any, may not exceed a period of 50 years.

A. ELIGIBILITY REQUIREMENTS:

1. **Ownership Requirements:** Property must be owned by a limited-dividend housing company. The specific organizational requirements are as follows:

Limited-dividend housing company organized between 5/10/26 and 6/30/39 under State Housing Law of 1926:

Laws under which incorporation required: L. 1926, ch. 823 (State Housing Law - repealed effective 7/1/39).

Restrictions on corporate purposes or activities as stated in certificate of incorporation: (1) Company must be organized exclusively to acquire, construct, maintain, and operate housing projects authorized by the State Board of Housing or other appropriate state authority and (2) no stockholder of the corporation may receive, in repayment of his investment, any sum in excess of the par value of the stock, together with cumulative dividends at the rate of 6% per year.

Limited-dividend housing company (other):

Laws under which incorporation required: PHFL Article 4.

Restrictions on corporate purposes or activities as stated in certificate of incorporation: (1) Company must be organized exclusively to acquire, construct, maintain, and operate housing projects subject to the supervision of the State Commissioner of Housing or other state authority and (2) no stockholder of the company may receive, in repayment of his investment or interest in the company's capital, any sum in excess of the par value of the stock, or the amount of his contribution to or beneficial interest in capital, together with cumulative distributions on capital at the rate of 6% per year.

2. **Property Location Requirements:** None.
 3. **Property Use Requirements:** Project must provide housing for low-income or moderate-income persons or families. For a description of the income limits of low-income persons, see Chart ID, PHFL Article 4, §85-a. The statute sets no limits on the income of moderate-income persons.
 4. **Certification by State or Local Government:** None required.
 5. **Required Construction Start Date or Other Time Requirement:** Project must have been completed prior to January 1, 1939.
-

- B. **LOCAL OPTION:** Yes – Each county, city, town, or village may choose (1) whether or not to grant the exemption and (2) whether to allow, for each project, total or partial exemption of the amount authorized by state law.

An existing exemption may be extended for an additional period following the expiration of the initial tax exemption period (see Limitations on Exemption below).

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 allowed	No 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 is limited to value of improvements. Local option may further limit the amount of exemption.

** Duration of exemption is limited to a period of 50 years.

After the tax exemption period has expired, any project that received this exemption may be granted an additional tax exemption period of up to 50 years, or until such time as the project no longer complies with the operating requirements of the Mitchell-Lama Program, whichever is sooner.

*** If allowed by local option.

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

E. **CALCULATION OF EXEMPTION:**

- General Municipal and School District Taxes:** % of assessed value of improvements allowed by local option.
- 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>
4854	

Assessment Roll Section(s): Taxable (RPS 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](#).

Please send general questions or comments to [Jerome McCall](#)

The page header and footer cannot be loaded. Enable Javascript on your browser