

Exemption Administration Manual - Part 2

Multiple Dwellings

Section 4.07 - PHFL Section 33(3)

Limited-Profit Housing Companies(Dwellings Leased to municipal housing authority)

PHFL Section 33(3)

Exemption Code(s): 48460

Year Originally Enacted: 1968

Related Statutes: PHFL Article 2
PHFL §§17, 31

SUMMARY: Dwellings, together with a proportionate share of the land and common spaces, that are (1) included in (a) a low-income, federally aided housing project owned by a limited-profit housing company that is leased to a municipality or (b) a limited-profit housing company project that is leased to a municipal housing authority and (2) used for low- or moderate-income housing are exempt from taxation and special ad valorem levies, but are liable for special assessments. The amount of exemption is limited to that part of the assessed value of the leased portion which exceeds the assessed value of that portion when the property was originally acquired for the project. The duration of the exemption is limited to the period during which the municipality or the municipal housing authority leases the property.

A. ELIGIBILITY REQUIREMENTS:

1. **Ownership Requirements:** Property must be owned by a limited-profit (Mitchell- Lama) housing company and leased (a) to a municipality in connection with any federally aided program that provides low-income dwelling accommodations or (b) to a municipal housing authority. The specific organizational requirements for the owner are as follows:

Limited-profit (Mitchell-Lama) housing company (co-op):

Law under which incorporation required: PHFL Article 2.

Restrictions on corporate purposes or activities as stated in certificate of incorporation: (1) Company must be organized to plan, acquire, construct, own, maintain, and operate housing projects subject to the supervision of the State Commissioner of Housing or other appropriate authority, (2) no director or subscriber of the company may receive, in repayment of his investment in the company's stock, any sum in excess of the par value of the stock, together with such dividends or other compensation permitted under PHFL Article 2, and (3) company's housing projects must, to the extent of at least 80%, be occupied by persons or families entitled to occupancy through ownership of the shares in such company.

Limited-profit (Mitchell-Lama) housing company (other):

Law under which incorporation required: PHFL Article 2.

Restrictions on corporate purposes or activities as stated in certificate of incorporation: (1) Company must be organized to plan, acquire, construct, own, maintain, and operate housing projects subject to the supervision of the State Commissioner of Housing or other appropriate authority and (2) no director or subscriber of the company may receive, in repayment of his investment in the company's stock, any sum in excess of the par value of the stock, together with such dividends or other compensation permitted under PHFL Article 2.

2. **Property Location Requirements:** None.
3. **Property Use Requirements:** Property must be used for housing for low-income or moderate-income persons. For a description of the income limits on low-income tenants, see Chart ID, PHFL Article 2, §31. The statute sets no limits on the income of moderate-income tenants.
4. **Certification by State or Local Government:** None required.
5. **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*	Yes*	No exemption allowed
2. Duration	Yes**	Yes**	Yes**	No exemption allowed
3. Taxing Jurisdiction				
a. County or County Special Districts	Ex	NA	Ex	Tax
b. City	Ex	NA	NA	Tax
c. Town or Town Special District	Ex	NA	Ex	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 that part of the assessed value of the leased portion which exceeds the assessed value of that portion when the property was originally acquired for the project.

** Duration of exemption is limited to the period during which the municipality or municipal housing authority leases the property.

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

E. **CALCULATION OF EXEMPTION:**

1. **General Municipal and School District Taxes:** 100% of that part of the assessed value of the project attributable to the portion of the dwelling (including a pro rata share of the land and common spaces) leased to the municipality or the municipal housing authority which exceeds the assessed value of that portion when the property was originally acquired for the project.

2. **Special Ad Valorem Levies and Special Assessments:**

Special Ad Valorem Levies: 100% of that part of the assessed value of the project attributable to the portion of the dwelling (including a pro rata share of the land and common spaces) leased to the municipality or the municipal housing authority which exceeds the assessed value of that portion when the property was originally acquired for the project.

Special Assessments: No exemption allowed.

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

<u>Code</u>	<u>Description of Alternative Codes Possible</u>
48460	

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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