

Exemption Administration Manual - Part 2

Multiple Dwellings

Section 4.07 - RPTL Section 488-a

Multiple Dwellings (Rehabilitation of Class B dwelling and rehabilitation of Class A dwellings used for single-room occupancy)

RPTL Section 488-a

Exemption Code(s): 4806

Year Originally Enacted: 1980

Related Statutes: Mult Dw L §248

SUMMARY: If allowed by local option in cities in which the Multiple Dwelling Law applies (New York City and Buffalo), Class B multiple dwellings, Class A multiple dwellings used for single-room occupancy, and not-for-profit institutions with sleeping accommodations that are improved during the period July 2, 1980 - December 30, 2011 and completed within 36 months of commencement are (1) exempt from taxation to the extent of any increase in assessed value resulting from eligible improvements (see Property Use Requirements below) and (2) eligible for tax abatement in an amount no greater than 12-1/2% of the reasonable cost of eligible improvements certified by the local housing agency. Such property is liable for special ad valorem levies and special assessments. No exemption or abatement is allowed if the property is receiving tax exemption or abatement for rehabilitation or new construction under any other statute.

A. ELIGIBILITY REQUIREMENTS:

1. **Ownership Requirements:** Property must be owned by a private individual or organization. In addition, there must be no outstanding real estate taxes, water and sewer charges, payments in lieu of taxes, or other municipal charges due and owing as of the tax quarter prior to the commencement of tax exemption under this statute.
2. **Property Location Requirements:** Property must be located in a city where the Multiple Dwelling Law applies (currently New York City or Buffalo).
3. **Property Use Requirements:**
 - a. Exemption and abatement are allowed only for the following eligible improvements: replacement of a boiler or burner or installation of an entire new heating system; replacement or upgrading of electrical system; replacement or upgrading of elevators; installation or replacement or upgrading of the plumbing system, including water main and risers; replacement or installation of walls, ceilings, floors, or trim where necessary; replacement or upgrading of doors; installation of security devices and systems; installation, replacement, or upgrading of smoke detectors, fire alarms, fire escapes, or sprinkler systems; replacement or repair of roof, leaders, and gutters; replacement or installation of bathroom facilities; installation of wall and pipe insulation; replacement or upgrading of street connections for water or sewer services; replacement or installation of windows or installation of window grates or guards; installation or replacement of boiler smoke stack; pointing, waterproofing, and cleaning of entire building exterior surface; improvements designed to conserve the use of fuel, electricity, or other energy sources; improvements unique to congregate living facilities, as defined by rules and regulations promulgated by the local housing agency; work necessary to effect compliance with all applicable laws including but not limited to the Multiple Dwelling Law, the NYC Housing Maintenance Code, and the NYC Building Code.
 - b. Class A dwellings must be used for single-room occupancy, defined by Mult Dw L 4 (16) as "the occupancy by one or two persons of a single room, or of two or more rooms which are joined together, separated from all other rooms within an apartment in a multiple dwelling, so that the occupant or occupants thereof reside separately and independently of the other occupant or occupants of the same apartment." Prior to improvement, Class A dwellings used for single-room occupancy must contain no more than 25% Class A dwelling units having lawful sanitary and kitchen facilities. The dwelling must not be a college or school dormitory, clubhouse, or residence whose occupancy is restricted to an institutional use such as housing intended for use primarily or exclusively by the employees of a single company or institution.
 - c. Immediately prior to, and during, the construction of the eligible improvements, 50% or more of the dwelling units in the building must be occupied by permanent residents (persons who have resided in the building for six months or more, who have leases with terms of six or more months, or who have requested leases pursuant to the provisions of the rent stabilization code for housing accommodations located in hotels), unless the building is (1) a vacant, government-owned or privately owned multiple dwelling that had been vacant for two years or

more prior to the commencement of construction of eligible improvements or (2) a vacant multiple dwelling where the eligible improvements are carried out with substantial assistance of grants, loans, or subsidies from any federal, state, or local agency or any not-for-profit philanthropic organization one of whose primary purpose is providing low- or moderate- income housing.

- d. Except in the case of (1) property which is receiving or has received assistance under a government rent-subsidy program for the construction of eligible improvements or (2) property which is owned by a not-for-profit corporation or its wholly owned subsidiary and which is receiving or has received assistance pursuant to a government loan subsidy program, the initial rent, after completion of eligible improvements, for 90% of the total number of dwelling units occupied by permanent residents in a Class A or Class B multiple dwelling other than apartments must not exceed the greater of either (1) the amount of any governmental rental assistance received by an occupant or (2) 75% of the rent permitted to be charged on July 1, 1986 for zero-bedroom (studio) units on the moderate rehabilitation fair market rent schedule as determined by the U.S. Department of Housing and Urban Development for the Housing Assistance Payments Program under Section 8 of the National Housing Act, plus an amount equal to the aggregate annual rent adjustments authorized subsequent to January 1, 1987 by the rent guidelines board for hotel stabilized units.
- e. During the period of tax exemption or abatement, a minimum of 75% of the dwelling units must be rental units occupied by permanent residents. However, the local housing agency may exempt from this requirement those buildings improved with the aid of a rehabilitation loan from any government agency or operated pursuant to a contract with a government agency.
- f. During the period of exemption or abatement, all dwelling units, except owner-occupied units, must be subject to the Emergency Housing Rent Control Law, the local Emergency Housing Rent Control Act, the Emergency Tenant Protection Act of 1974, or any local laws enacted pursuant to these laws, or the Rent Stabilization Law of 1969. However, the New York City Department of Housing Preservation and Development may exempt from this requirement dwelling units that are not occupied by permanent residents in those buildings which are owned by a not-for-profit corporation or its wholly owned subsidiary and which are improved with the aid of a rehabilitation loan from any government agency or operated pursuant to a contract with a government agency.

4. **Certification by State or Local Government:** None required.

5. **Required Construction Start Date or Other Time Requirement:** Improvements must have begun after July 1, 1980 but before December 31, 2011. They must be completed within 36 months following their commencement.

B. LOCAL OPTION: Yes – Each city may choose whether or not to allow the exemption. The option must be exercised through adoption of a local law or ordinance. If tax exemption is allowed by the city, tax abatement is mandatory. The option may be exercised at any time up to and including December 31, 2011.

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	32 years*	32 years*	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	NA	Ex**	NA	NA
	Ex-Exempt	Tax-Taxable	NA-Not Applicable	

* Tax exemption is limited to the increase in assessed value resulting from eligible improvements; duration of the exemption is limited to 32 years. Tax abatement is limited to an amount no greater than 12 -1/2% of the reasonable cost of eligible improvements certified by the local housing agency, abatement must not exceed the amount of taxes otherwise payable in the

corresponding tax year, and total abatement must not exceed the lesser of (a) 150% of the certified reasonable costs of eligible improvements or (b) the actual costs as determined by the local housing agency pursuant to its rules and regulations; duration of the abatement is limited to 20 years.

** If allowed by local option.

D. PAYMENTS IN LIEU OF TAXES: None required.

E. CALCULATION OF EXEMPTION:

1. General Municipal and School District Taxes:

Tax exemption: Increase in assessed value resulting from eligible improvements.

Tax abatement: Locally determined percentage of cost of eligible improvements (not to exceed 12 1/2%). Abatement must not exceed the amount of taxes otherwise payable in the corresponding tax year, and total abatement must not exceed the lesser of (a) 150% of the certified reasonable costs of eligible improvements or (b) the actual costs as determined by the local housing agency.

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>
4806_	

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

NOTE: This code should not be used to identify property that is 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](#).

| [Top of Page](#) | | [Table of Contents](#) | | [Next Page](#) |

| [Assessors' Manual](#) | | [ORPS Home Page](#) |

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