

## Exemption Administration Manual - Part 2 Multiple Dwellings

Section 4.07 - Pub Hsng L Section 58(3)

**Municipal Housing Authorities**  
(Project sold or leased to limited-profit  
mutual (co-op) housing company)

**Pub Hsng L Section 58(3)**

**Exemption Code(s):** Leased project 3850\_  
Sold project 4840\_

**Year Originally Enacted:** 1960

**Related Statutes:** None.

**SUMMARY:** To the extent allowed by local option, real property that (1) is owned by a municipal housing authority (MHA), (2) was originally intended to be used for middle-income housing, (3) is leased or sold to a limited-profit (Mitchell-Lama) mutual (co-op) housing company, and (4) is used primarily for middle-income housing is exempt from general municipal and school district taxes (subject to minimum limits on taxes payable as described under Limitations on Exemption below). No exemption is allowed for special ad valorem levies or special assessments. The duration of the exemption is limited.

### A. ELIGIBILITY REQUIREMENTS:

- Ownership Requirements:** Property must be owned by or leased to a limited-profit (Mitchell-Lama) mutual (co-op) housing company. In addition to the below-listed organizational requirements, such housing companies may not pay dividends on any of its stock or pay interest on any of its income debentures. The specific organizational requirements are as follows:

Laws 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 agency, (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 shares in the company.

- Property Location Requirements:** None.
- Property Use Requirements:** Property must be used primarily for housing for middle-income persons or families. The statute sets no limits on the income of such tenants. Portions of the property may be used for nonhousing purposes if they are incidental or appurtenant to the housing project.
- Certification by State or Local Government:** None required.
- Required Construction Start Date or Other Time Requirement:** None.

- LOCAL OPTION:** Yes – Each county, city, town, and village may choose (1) whether or not to allow the exemption for each project and (2) whether to allow partial or total exemption of the assessed value of the project. The option may or may not be exercised through a written agreement by the governing board of the taxing jurisdiction.

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	Local option	Local option	No exemption	No exemption

	may limit*	may limit*	allowed	allowed
<b>2. Duration</b>	Yes**	Yes**	No exemption allowed	No exemption allowed
<b>3. Taxing Jurisdiction</b>				
<b>a. County or County Special Districts</b>	Ex***	NA	Tax	Tax
<b>b. City</b>	Ex***	NA	NA	Tax
<b>c. Town or Town Special District</b>	Ex***	NA	Tax	Tax
<b>d. Village</b>	Ex***	NA	NA	Tax
<b>e. School District</b>	NA	Ex***	NA	NA
	<b>Ex-Exempt</b>	<b>Tax-Taxable</b>	<b>NA-Not Applicable</b>	

\* Taxes paid must not be less than the amount which the MHA had contracted to pay in lieu of taxes with respect to the housing project.

\*\*Duration of the exemption is limited to the period during which the capital loans of the housing company are outstanding, but in any event, except in the case of New York City, to a period of no more than 30 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, but see Limitations on Exemption above.

E. **CALCULATION OF EXEMPTION:**

1. **General Municipal and School District Taxes:** % of assessed value allowed by local option (subject to minimum limits on taxes payable as described under Limitations on Exemption above).
2. **Special Ad Valorem Levies and Special Assessments:** No exemption allowed.

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

Code	Description of Alternative Codes Possible
3850_	Leased projects
4840_	Sold projects

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

**NOTE:** These codes 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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