

Exemption Administration Manual - Part 1 Residential - Other Than Multiple Dwellings

Section 4.01 - RPTL Section 421-b

Private One- and Two-Family Dwellings and Certain Multiple Dwellings in New York City

RPTL Section 421-b

Exemption Code(s): 41950

Year Originally Enacted: 1978

Related Statutes: None

SUMMARY: This exemption applies to two types of property: (a) private dwellings and (b) multiple dwellings. Private dwellings that (1) are used as residences by not more than two families, (2) are located in New York City, and (3) have been constructed, reconstructed or converted in the required time frames (see Required Construction Date or Other Time Requirement below) are partially exempt from taxation during the period of construction, reconstruction or conversion, but for not more than two years, and are exempt thereafter in accordance with a prescribed schedule (see Calculation of Exemption below). No exemption from special assessments is allowed.

Multiple dwellings that (1) contain not more than four dwelling units, (2) are located in New York City, (3) are developed in a governmentally assisted project, (4) have been constructed, reconstructed or converted in the required time frames (see Required Construction Date or Other Time Requirement below), (5) have been acquired by the federal government as a result of a mortgage foreclosure (see Ownership Requirements below), and (6) have been conveyed by the federal government to an owner approved by the local housing agency for rehabilitation are partially exempt from taxation during the period of construction, reconstruction or conversion, but for not more than two years, and are exempt thereafter in accordance with a prescribed schedule (see Calculation of Exemption below). No exemption from special assessments is allowed.

A. ELIGIBILITY REQUIREMENTS:

- 1. Ownership Requirements:** Property must be owned by a private individual or organization. In addition, multiple dwellings must be (1) acquired by the federal government as a result of foreclosure of a mortgage loan insured by the federal government and (2) conveyed by the federal government to an owner approved by the local housing agency for the purpose of rehabilitation in accordance with an agreement between the owner of the real property and the federal government. For both private and multiple dwellings, one of the property's dwelling units must be occupied by the owner, unless the property is a private dwelling whose construction, reconstruction or conversion was begun before July 1, 1986.
- 2. Property Location Requirements:** Property must be located in New York City.
- 3. Property Use Requirements:** Property must be used as either (a) a private dwelling, defined as a residence for not more than two families living independently of each other with separate cooking facilities, or (b) a multiple dwelling, defined as a structure containing not more than four dwelling units. In either instance the project may be (1) a newly constructed building, (2) conversion of a nonresidential building or structure to a private or multiple dwelling, or (3) reconstruction or improvement to an existing private or multiple dwelling. If the project is of the last type, it must be reconstructed or improved to the extent of at least 40% of the assessed value of the property without the improvement.

In the event that a private dwelling, whether owner-occupied or not, is fully demolished and removed from the property on or after September 1, 2004, the parcel on which the private dwelling was located is not eligible for this exemption for three years commencing upon the date of issuance of the demolition and removal permit for the private dwelling.

- 4. Certification by State or Local Government:** Application for exemption may not be accepted by the assessor unless it is accompanied by a certificate from the NYC Department of Housing Preservation and Development which certifies the eligibility of the property. Any time after two years of this exemption, the NYC Department of Housing Preservation and Development may certify that a private dwelling is not being used for residential purposes and, upon filing a certificate with the assessor and the collecting officer, the property will no longer be exempt.
- 5. Required Construction Start Date or Other Time Requirement:** Construction, reconstruction, or conversion of the private dwelling must (1) have commenced after July 1, 1978 and before July 1, 1982 and have been completed no later than April 1, 1984, (2) have commenced on or after July 1, 1982 and before July 1, 1986 and have been completed no later than July 1, 1988, (3) have commenced on or after July 1, 1986 and before July 1, 1990 and be completed no later than July 1, 1992, (4) have commenced on or after July 1, 1990 and before July 1, 1994 and be completed no later than July 1, 1996, (5) have commenced on or after July 1, 1994 and before July 1, 1998 and be completed no later than July 1, 2000, (6) have commenced on or after July 1, 1998 and before July 1, 2002 and be completed no later than July 1, 2004, or (7) have commenced on or after July 1, 2002 and before July 1, 2006 and be completed no later than July 1, 2010.

Construction, reconstruction, or conversion of the multiple dwelling must have commenced on or after July 1, 2002, and before July 1, 2006, and be completed no later than July 1, 2008.

B. LOCAL OPTION: No.

C. LIMITATION ON EXEMPTION:

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies	Special Assessments
1. Amount	Yes*	Yes*	NA	No exemption allowed
2. Duration	Yes**	Yes**	NA	No exemption allowed
3. Taxing Jurisdiction a. City	Ex	NA	NA	Tax
b. 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 which exceeds the value of the property at the time of commencement of the construction, reconstruction, or conversion; taxes payable must not be less than the amount which would be payable based on the lesser of: (1) the assessed value of the land and improvements during the tax year immediately preceding the commencement of construction, reconstruction or conversion of the property; or (2) in the case of new construction, the assessed value of the land appearing on the assessment roll in the first year after the completion of construction. Additionally, the percentage of the property which is eligible for exemption is determined in accordance with a prescribed schedule, as described under Calculation of Exemption below.

** Duration of exemption is limited to the period during which the construction, reconstruction, or conversion is carried out, but not more than two years, and for the following eight years. Upon the filing of a certificate by the NYC Department of Housing Preservation and Development stating that the property is no longer being used for residential purposes, the property becomes fully taxable.

D. PAYMENTS IN LIEU OF TAXES: None required.**E. CALCULATION OF EXEMPTION:****1. General Municipal and School District Taxes:**

- During construction, but not more than two years – 100% of that part of the assessed value which exceeds the value of the property at the time of commencement of the construction, reconstruction, or conversion of the property.
- After completion of construction - % of assessed value which exceeds the value of the property at the time of commencement of the construction, reconstruction, or conversion of the property as follows:

Year of Exemption	Percentage of Exemption
1	100
2	100
3	75
4	62.5
5	50
6	37.5
7	25
8	12.5

(Subject to minimum 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**

41950

Assessment Roll Section(s): Taxable.

NOTE: This code should not be used to identify property that is exempt under any of the statutes listed under Similar Exemptions below. For coding of such property, see the Exemption Profile for the statute that applies.

G. FILING REQUIREMENTS (Owner or Occupant of Property): Details on the application process can be found at www.nyc.gov/dof.

H. REPORTING REQUIREMENTS (Assessor): None.

I. SIMILAR EXEMPTIONS:

Subject	Statute
First-time homebuyers of newly constructed homes	RPTL §457
Home improvements	RPTL §421-f
Multiple dwellings converted to owner-occupied residences in certain cities	RPTL §§421-h, 421-i, 421-j, 421-k
New residential property in certain cities	RPTL §485-m
Residential improvements in cities with population less than 200,000 and more than 150,000	L. 1986, Ch. 889
Residential investment in certain municipalities	RPTL §§485-h, 485-i, 485-j, 485-k, 485-l, 485-m
Residential property improvements in certain cities	RPTL §485-j
Residential property in improvements in certain towns	RPTL §485-l

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