

Exemption Administration Manual - Part 2 Multiple Dwellings

Section 4.07 - PHFL Section 577(1)

Housing Development Fund Companies
(Property not described by other sections of law)

PHFL Section 577(1)

Exemption Code(s): 4866_

Year Originally Enacted: 1966

Related Statutes: None.

SUMMARY: If allowed by local option, real property that is owned by a housing development fund company (HDFC) and is used for low-income housing is wholly or partially exempt from taxation, but is liable for special ad valorem levies and special assessments. If the HDFC enters into a loan agreement with the granting municipality, this local option exemption may be extended to the housing development fund company, or any of the following related entities: a wholly owned subsidiary of such a company, a partnership, the controlling interest of which is held by the company, or a private developer which has agreed to limit profits according to a formula approved by the company.

A. ELIGIBILITY REQUIREMENTS:

1. **Ownership Requirements:** Property must be owned by a housing development fund company or any related entities as described in the Summary above. The organizational requirements for such a company are as follows:

Housing development fund company (not-for-profit):

Laws under which incorporation required: (1) PHFL Article 11 and NPCL or (2) PHFL Article 11, PHFL Article 2, and NPCL.

Restrictions on corporate purposes or activities as stated in certificate of incorporation: (1) Corporation must be organized exclusively to develop a housing project for persons of low income, (2) all income of the corporation must be used exclusively for its corporate purposes, and (3) none of the corporation's net income may inure to the benefit or profit of any private individual or organization.

Housing development fund company (other):

Laws under which incorporation required: PHFL Article 11 and Bsns Corp L.

Restrictions on corporate purposes or activities as stated in certificate of incorporation: (1) Corporation must be organized exclusively to develop a housing project for persons of low income, (2) all income of the corporation must be used exclusively for its corporate purposes, (3) none of the corporation's net income may inure to the benefit or profit of any private individual or organization, and (4) each of corporation's housing projects must be operated exclusively on a co-op basis (i.e., for the benefit of persons or families entitled to occupancy in the project through ownership of shares in the corporation).

2. **Property Location Requirements:** None.
 3. **Property Use Requirements:** Property must be used for low-income housing (for a description of tenant income limits, see Chart ID, Article 11, §§576, 577-a). In addition, if the PHFL Article 11 and the Bsns Corp L, the housing project must be operated entirely on a co-op basis.
 4. **Certification by State or Local Government:** None required.
 5. **Required Construction Start Date or Other Time Requirement:** None.
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B. LOCAL OPTION: Yes – Each municipality that is an assessing unit is allowed the following choices:

1. Exemption – The municipality may choose whether or not to allow the exemption for each project. In New York City the City Council must act to approve or to disapprove an

application for exemption on property owned by a housing development funding company within 120 days of its submission. If no such action is taken in this period, such application submitted by the funding company to the City Council will be deemed approved.

2. Percentage of Exemption – The municipality may choose whether to allow the exemption of all or part of the value authorized by state law.
3. Loan Agreement – The municipality may choose whether to extend the exemption to such property when the housing development funding company or any previously described related entities have entered into a loan agreement with the municipality.

Where a municipality acts on behalf of another taxing jurisdiction (such as a county, school district, or village) in assessing real property for the purposes of taxation, or in levying taxes therefor, the agreement of the municipality to exempt the property applies to taxes levied by the other taxing jurisdictions.

C. LIMITATION ON EXEMPTION:

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies	Special Assessments
1. Amount	Local option may limit	Local option may limit	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	

* Duration of the exemption is limited to the period allowed by local agreement, but in no event for a period of more than 40 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:** % of assessed value allowed by local option.
2. **Special Ad Valorem Levies and Special Assessments:** No exemption allowed.

F. CODING OF EXEMPTION ON ASSESSMENT ROLL:

Code Description of Alternative Codes Possible
 4866_

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](#).

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