

The New York State
Department of Taxation and Finance

Andrew M. Cuomo - *Governor* Thomas H. Mattox - *Commissioner*

Assessor's Manual, Volume 4, Exemption Administration

Exemption Administration Manual - Part 2 Multiple Dwellings

Section 4.07 - RPTL Section 421-d

**Multiple Dwellings outside New York City
 Financed by NYS Housing Finance Agency**

RPTL Section 421-d

Exemption Code(s): 4197_

Year Originally Enacted: 1983

Related Statutes: PHFL §42(24)

SUMMARY: If allowed by local option, new or rehabilitated housing developments outside New York City that contain five or more residential units and are subject to a mortgage financed by the NYS Housing Finance Agency are partially exempt from taxation, but liable for special ad valorem levies and special assessments, provided that (1) the property is used for residential or residential plus auxiliary purposes (see Property Use Requirements below) and (2) the property is not exempt from taxation under any other law. The scheduled expiration date for this exemption has been extended until July 23, 2015.

A. ELIGIBILITY REQUIREMENTS:

1. **Ownership Requirements:** Property must be owned by a private individual or organization and must be subject to a mortgage financed by the NYS Housing Finance Agency.
2. **Property Location Requirements:** Property must be located outside New York City.
3. **Property Use Requirements:** Project must contain at least five residential units. In addition to residential use, other property uses eligible for exemption are those auxiliary uses determined by the NYS Housing Finance Agency as appropriately related to the residential portion of the project. These auxiliary uses include commercial, recreational, cultural, communal, dining, medical and nursing treatment, day care or residential child care, and community facilities.
4. **Certification by State or Local Government:** None required.
5. **Required Construction Start Date or Other Time Requirement:** None.

B. **LOCAL OPTION:** Yes -- Each city, town, and village in which the property is located may choose whether or not to allow the exemption. The option must be exercised through adoption of a local law.

C. LIMITATION ON EXEMPTION:

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies	Special Assessments
1. Amount	Yes*	Yes*	No exemption allowed	No exemption allowed
2. Duration	Construction period** plus 15 years***	Construction period** plus 15 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	Ex****	NA	Tax	Tax
d. Village	Ex****	NA	NA	Tax
e. School District	NA	Ex****	NA	NA
	Ex-Exempt	Tax-Taxable	NA-Not Applicable	

* After the initial three years of exemption (during construction or rehabilitation), the exemption may not exceed three years at 100%, followed by three years at 80%, and thereafter decreasing every three years by 20%. In addition, the owner is annually liable for the amount of taxes payable in the tax year preceding the start of construction.

**The duration of exemption during construction or rehabilitation may not exceed three years unless the local law or resolution specifically extends the exemption period. Total period of exemption may not exceed 18 years.

*** If the term of the mortgage is shorter, the property is exempt only during that term.

**** If allowed by local option.

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

E. **CALCULATION OF EXEMPTION:**

1. **General Municipal and School District Taxes:**

The following percentages of assessed value are eligible for exemption:

During construction period (up to three years):	100%
After completion of construction or optional extended construction period:	
Years 1-3	100%
Years 4-6	80%
Years 7-9	60%
Years 10-12	40%
Years 13-15	20%

If the term of the mortgage is shorter than the construction period plus 15 years, the property is exempt only during the term of the mortgage.

While not affecting the calculation of exempt value for assessment roll purposes, there is one more limitation on the exemption. The owner is annually liable for the amount of taxes payable in the tax year preceding the start of construction.

2. **Special Ad Valorem Levies and Special Assessments:** No exemption allowed.

F. CODING OF EXEMPTION ON ASSESSMENT ROLL:

Code	Description of Alternative Codes Possible
4197_	

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](#).

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

| [Assessors' Manual](#) |

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