

*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 - PHFL Sections 654-a, 654-b, 654-c

##### New York City Housing Development Corporation Subsidiaries

##### PHFL Sections 654-a, 654-b, 654-c

<b>Exemption Code(s):</b>	Housing development fund company	4866_
	Limited-profit housing company	4865_
	Other	28400
<b>Year Originally Enacted:</b>	PHFL §654-a	-1974
	PHFL §654-b	-1985
	PHFL §654-c	-1986
<b>Related Statutes:</b>	PHFL §33(1)(a), 577(1)	
	L. 1986, Ch. 32 (related to PHFL §654-c)	

**SUMMARY:** This exemption applies to three types of NYC Housing Development Corporation subsidiaries:

1. Housing development fund company - If allowed by local option, real property owned by such a company that is used for low-income housing is wholly or partially exempt from taxation, but is liable for special assessments.
2. Limited-profit housing company - If allowed by local option, real property owned by such a company that is used for low-income housing is partially exempt from taxation, but is liable for special assessments.
3. Housing company other than above - Real property owned by such a company is wholly exempt from taxation, but is liable for special assessments. Exemption for this type of owner is not subject to local option.

#### A. ELIGIBILITY REQUIREMENTS:

1. **Ownership Requirements:** Property must be owned by a housing development fund company, a limited-profit (Mitchell-Lama) housing company, or another type of housing company that is a subsidiary of the New York City Housing Development Corporation (such as the Housing Assistance Corporation or the Housing New York Corporation). The specific organizational requirements for housing development fund companies and limited-profit companies 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).

Limited-profit (Mitchell-Lama) housing company (not-for-profit):

Laws under which incorporation required: PHFL Article 2 & NPCL.

Restrictions on corporate purposes or activities as stated in certificate of incorporation: (1) Company must be organized exclusively to provide (a) housing and auxiliary facilities for staff members, employees, or students of a college, university, hospital, or child-care institution and their immediate families, (b) housing and auxiliary facilities for aged or handicapped persons of low income, or (c) low-income housing financed or aided by a municipality, New York State, or the federal government, (2) if company is organized for purpose (a) above, its directors or trustees must be officers, directors, or trustees of the college, university, hospital, or child-care institution, (3) if company is organized for purposes (b) or (c) above, its directors or trustees must be officers, directors, or trustees of a corporation organized under the NPCL, and (4) none of the net income of the college, university, hospital, child-care institution, or not-for-profit corporation may inure to the benefit of any private individual.

Limited-profit (Mitchell-Lama) housing company (co-op):

Law 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 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.

Limited-profit (Mitchell-Lama) housing company (other):

Law 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 authority and (2) no director or subscriber of 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.

2. **Property Location Requirements:** Property must be located in New York City.
3. **Property Use Requirements:** In the case of housing development fund companies and limited-profit housing companies, property must be used for low-income housing (for a description of tenant income limits, see Chart ID, PHFL Article 2, 31, and Article 11, 576, 577-a). In addition, if the property is owned by a housing development fund company organized under PHFL Article 11 and the Bsns Corp L, the housing project must be operated entirely on a co-op basis. If the property is owned by a limited-profit housing company organized on a co-op basis, at least 80% of the housing project must be used for co-op housing.

Property owned by the Housing Assistance Corporation must be used for low- or moderate-income housing.

Property owned by the Housing New York Corporation must be used for low- or moderate-income housing (for a description of tenant income limits, see Chart ID, L. 1986, Ch. 32).

- 4. **Certification by State or Local Government:** None required
- 5. **Required Construction Start Date or Other Time Requirement:** None.

B. **LOCAL OPTION:** Yes -- In the case of housing development fund companies and limited-profit housing companies, the City of New York may choose (1) whether or not to allow exemption for each project and (2) whether to allow exemption of all or part of the value authorized by state law. In addition, in the case of limited-profit housing companies, the city has the option to choose among alternative limits on the minimum amount of taxes to be paid (see Limitations on Exemption below).

C. **LIMITATION ON EXEMPTION:**

1. **Housing development fund company:**

	<b>General Municipal Taxes</b>	<b>School District Taxes</b>	<b>Special Ad Valorem Tax</b>	<b>Special Assessments</b>
<b>a. Amount</b>	Local option may limit*	Local option may limit*	NA	No exemption allowed
<b>b. Duration</b>	Yes**	Yes**	NA	No exemption allowed
<b>c. Taxing Jurisdiction</b>				
<b>(1) City</b>	Ex**	NA	NA	Tax
<b>(2) School District</b>	NA	Ex**	NA	NA
	<b>Ex-Exempt</b>	<b>Tax-Taxable</b>	<b>NA-Not Applicable</b>	

\*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.

2. **Limited-profit housing company:**

	<b>General Municipal Taxes</b>	<b>School District Taxes</b>	<b>Special Ad Valorem Tax</b>	<b>Special Assessments</b>
<b>a. Amount</b>	Local option may limit	Local option may limit	NA	No exemption allowed
<b>b. Duration</b>	Yes*	Yes*	NA	No exemption allowed
<b>c. Taxing Jurisdiction</b>				
<b>(1) City</b>	Ex***	NA	NA	Tax
<b>(2) School District</b>	NA	Ex***	NA	NA
	<b>Ex-Exempt</b>	<b>Tax-Taxable</b>	<b>NA-Not Applicable</b>	

\* Property acquired for rehabilitation purposes - local option may limit amount to part of total value of project; other property - local option may limit to part of the increase in assessed value over the value of the property at the time of acquisition by the housing company. In addition, minimum limits are set on the amount of taxes that must be paid. Either (1) general municipal school district taxes paid may not be less than 10% of the annual shelter rent or carrying charges of the project or (2) if agreed to by the city, general municipal and school district taxes may be (a) no less than the taxes payable in 1973 or (b) if the project was not occupied in 1973, no less than 10% of the annual shelter rent or carrying charges first established as the maximum that tenants may be charged. ("Shelter rent" equals the total rents received from occupants of a project minus the cost of providing electricity, gas, heat, and other utilities. Total rents may or may not include rent supplements and subsidies received from the federal government, the state, or a municipality on behalf of the occupants, but do not include interest reduction payments received under 201(a) of the Federal Housing and Urban Development Act of 1968. In the case of co-op projects, carrying charges, rather than shelter rent, apply).

\*\* Duration of the exemption is limited to the period during which the mortgage loans of the housing company are outstanding, but in no event for a period of more than 30 years.

\*\*\* If allowed by local option.

3. **Housing company other than housing development fund company or limited-profit housing company:**

	<b>General Municipal Taxes</b>	<b>School District Taxes</b>	<b>Special Ad Valorem Tax</b>	<b>Special Assessments</b>
<b>a. Amount</b>	No limit	No limit	NA	No exemption allowed
<b>b. Duration</b>	No limit	No limit	NA	No exemption allowed
<b>c. Taxing Jurisdiction</b>				
<b>(1) City</b>	Ex	NA	NA	Tax
<b>(2) School District</b>	NA	Ex	NA	NA
	<b>Ex-Exempt</b>	<b>Tax-Taxable</b>	<b>NA-Not Applicable</b>	

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

E. **CALCULATION OF EXEMPTION:**

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

Housing development fund companies and limited-profit housing companies: % of assessed value allowed by local option.

Other housing companies: 100% of assessed value.

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>
4866_	Housing development fund company
4865_	Limited-profit housing company
28400	Other housing company

**Assessment Roll Section(s):** Codes 4866\_ and 4865\_ : Taxable  
 Codes 28400: Exempt

**NOTE:** These codes should not be used to identify property that is owned by the New York City Housing Development Corporation and is exempt under PHFL §663 or 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](#) |

Please send general questions or comments to Jerome McCall

---

*The New York State*  
Department of Taxation and Finance