



Instructions for Form RP-421-m

Application for Real Property Tax Exemption for Certain New or Substantially Rehabilitated Multiple Dwellings (Real Property Tax Law, Section 421-m)

1. Authorization for exemption

Section 421-m of The Real Property Tax Law allows a city, town, or village to adopt a local law providing an exemption from taxation and special ad valorem levies (but not special assessments) for the construction or substantial rehabilitation of a multiple dwelling located within a *designated benefit area* set forth in local law (*Item 3, Form RP-421-m*). After a city, town, or village has initially adopted a local law to authorize this exemption, the county and any other municipal corporation in which the designated benefit area is located may likewise authorize the exemption by local law, or in the case of a school district, by resolution. In order for the property to become eligible for this exemption, the following eligibility requirements must be met:

- The construction or substantial rehabilitation must take place on vacant, predominantly vacant or under-utilized land, or on land that contains a non-conforming use or a substandard, structurally unsound or unsanitary dwelling. Substantial rehabilitation includes all work necessary to bring a property into compliance with all applicable laws and regulations, including installation, replacement or repair of heating, plumbing, electrical and related systems, plus the elimination of all hazardous and immediately hazardous violations of the structure in accordance with state and local laws and regulations. Substantial rehabilitation also includes all reconstruction necessary for improving the habitability or prolonging the useful life of the property. Ordinary maintenance and repairs do not qualify for exemption (*Item 4*).
- The construction or substantial rehabilitation must begin on or after the effective date of the local law, ordinance or resolution but no later than June 15, 2015 (*Item 5*).
- The construction or substantial rehabilitation must be carried out with the assistance of affordable housing grants, loans or subsidies from a federal, state or local agency (*Item 6*).
- The multiple dwelling must be occupied or is to be occupied as the residence of at least three or more families living independently of one another, whether such dwelling is rented or owned as a cooperative or condominium. The multiple dwelling may not be used as a hotel (*Item 7*).
- At least 20% of the units must be affordable to individuals and families of low and moderate incomes as determined in accordance with the statutory criteria; resident incomes at the time of initial occupancy must not exceed 90% of the area median income, as adjusted for family size and where the individual or family pays no more than 30% of their adjusted gross income as reported in their federal income tax return, or would be reported if such return were required, less such personal exemptions, deductions and medical expenses. A municipal agency or officer must verify that the project complies with the affordability requirements, as outlined above, and also with locally adopted procedures; check with your local assessor on this matter. Such verification must be done in accordance with procedures established by the New York State Division of Housing and Community Renewal (*Item 7*).
- Where the property is used partially as a multiple dwelling and also for commercial or other purposes, the property is eligible for exemption only if the square footage of the portion used as a multiple dwelling comprises at least 50% of the total property's square footage (*Item 8*).
- Property eligible for this exemption may not be currently receiving any other exemption (*Item 9*).

2. Duration and computation of exemption

If the exemption is locally authorized, a 100% exemption of the increase in assessed value attributable to the construction or substantial rehabilitation applies while the construction or substantial rehabilitation is ongoing, subject to a maximum of three years. After the work is completed, the exemption continues for another 20 years, at a percentage of 100% for the first 12 years, then declining to 80%, 60%, 40% and finally 20% over the next eight years. However, while the exemption is in force, taxes are nonetheless payable in an amount at least equal to the amount that was payable on the land and pre-existing improvements immediately before the exemption began. Property eligible for this exemption may not be currently receiving any other exemption.

3. Application of exemption

The exemption may apply to city, town, or village taxes and town special ad valorem levies. It also applies to county and other municipal taxes, including special ad valorem levies, as well as to school taxes where applicable. It does not apply to special assessments. The exemption does not apply in the City of New York or in municipalities where the multiple dwelling exemption authorized by RPTL §421-c is offered.

4. Place of filing of exemption application

Initial application for this exemption must be filed with the city or town assessor. If the property is located in a village which is an assessing unit and which offers the exemption, a separate application for exemption from village taxes must be filed with the village assessor. In Nassau County, initial application for exemption from town taxes and town special ad valorem levies should be filed with the Nassau County Board of Assessors; for city and villages which assess property for their own purposes, file the initial application with the city or village assessor. In Tompkins County, initial application of exemption for exemption from city, town or village taxes should be filed with the Tompkins County Division of Assessment. Do **not** file this form with either the New York State Department of Taxation and Finance or the Office of Real Property Tax Services.

5. Time of filing application

The application must be filed in the assessor's office on or before the appropriate taxable status date. In towns preparing their assessment rolls in accordance with the schedule provided in The Real Property Tax Law, the taxable status date is March, 1. In towns in Nassau County, the taxable status date is January, 2. Westchester County towns have either a May 1 or June 1 taxable status date; contact the assessor. In villages and cities, the taxable status dates vary, and the appropriate assessor should be consulted for the correct date. Once the exemption has been granted, the exemption may continue for the authorized period provided that the eligibility requirements continue to be satisfied. It is not necessary to reapply for the exemption after the initial year in order for the exemption to continue.