



# Instructions for Application for Real Property Tax Exemption for Capital Improvements to Multiple Dwelling Buildings Within Certain Cities

(Real Property Tax Law, Section 421-n)

## Authorization for exemption

Real Property Tax Law section 421-n authorizes a partial exemption from real property taxation of the increase in assessed value attributable to reconstruction, alterations or conversions of multiple dwellings converted back to an owner-occupied one or two-family residential property. The exemption is available only in cities that have a population of more than 13,500 but less than 14,000 as measured by the latest federal decennial census. Based on 2010 census data, only the City of Oneonta satisfies this population criterion.

Where it is adopted, the exemption applies only to city taxes.

## Eligibility for exemption

Section 421-n sets forth several exemption criteria:

1. The property for which exemption is sought must be a former multiple dwelling converted to an owner-occupied one or two-family residence (question 4). Property that was not previously owner-occupied qualifies if converted to a one-family residence. Property that was previously owner-occupied qualifies if converted to a one or two-family residence.
2. The greater portion of the residence (as measured by square footage) after the capital improvement must be at least five years old (question 5).
3. The capital improvement must be commenced after the date the local law or resolution is enacted (question 6).
4. Unless limited by the local law, the exemption applies to reconstruction, alterations or improvements; it does not apply to ordinary maintenance or repairs. Describe the capital improvement in question 7.
5. The value of such reconstruction, alteration or improvement must exceed the sum of \$5,000 (question 8). Attach documentation (e.g., construction contract, building permit, receipted bills) to support the cost of the capital improvement.

The exemption is limited to \$100,000 in increased market value although the city may reduce such maximum to any amount but not less than \$10,000; any additional value attributable to the new construction is not eligible for the exemption. The market value of the new construction is calculated by dividing the increase in assessed value attributable to the new construction by the latest State equalization rate or special equalization rate, unless such rate is 95% or more, in which case the increased assessed value will be deemed to equal the market value.

Unless limited by local law, the value of an improvement qualifying for exemption should receive the following exemption percentages:

<u>Year</u>	<u>Exemption percentage</u>
1	100
2	87.5
3	75
4	62.5
5	50
6	37.5
7	25
8	12.5

## Authorized limitations

The local law or resolution may limit the maximum value of an improvement which may receive exemption to an amount less than the statutorily prescribed \$100,000, but not less than \$10,000.

The percentage of exemption may be reduced. This means that the percentage of exemption otherwise allowed in any of the 8 years listed above may be equal to or less than the State authorized percentage. For example, the local law could provide for an exemption of 75% for 3 years, followed by an exemption of 37.5% for 3 years. An exemption of 37.5% for 8 years would not be allowable since that would exceed the State limit in years 7 and 8.

The State law applies to *reconstruction, alterations and improvements*, but the local law or resolution may limit the exemption to specific forms of reconstruction, alteration or improvement. The exemption also may be limited only to improvements which prevent physical deterioration of the existing structure or which bring it into compliance with applicable building, sanitary, health or fire codes.

**Filing application**

Application must be filed with the city assessor. Do **not** file the application with the Office of Real Property Tax Services.

**Time of filing application**

The application must be filed in the assessor's office on or before the appropriate taxable status date. The taxable status date of the City of Oneonta is March 1.

Once the exemption has been granted, it is not necessary to reapply for the exemption after the initial year in order for the exemption to continue. There is no need to reapply in subsequent years, but if the property ceases to be used primarily for residential purposes, or if the title to the property is transferred to persons other than the heirs or distributees of the owner, the exemption is terminated. The exemption will automatically be recalculated in any year in which there is a change in level of assessment for the final assessment roll of 15% or more. No local law or resolution may repeal or reduce an exemption granted pursuant to section 421-n until expiration of the period of that exemption.

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