



City Announces Suspension of 421-a Benefits to More than 1,700 Properties

Elissa Rossi, Associate Principal

On March 9, 2018, the City's Departments of Finance (DOF) and Housing Preservation and Development (HPD) announced that the agencies have suspended 421-a benefits to more than 1,700 properties across the City for failure to comply with 421-a requirements including registering units as stabilized and, in some buildings, creating and maintaining affordable units. The list of properties where benefits were suspended is on DOF's site here: <http://www1.nyc.gov/site/finance/benefits/benefits-421a.page>.

The City suspended benefits to the 1,700 properties for failure to provide a Final Certificate of Eligibility (FCE) for 421-a to DOF by January 5, 2018. The suspensions will take effect as of July 1, 2018. However, DOF will reverse the suspension if the property owner submits an FCE to the agency by May 1, 2018.

Section 421-a of New York's Real Property Tax Law provides an exemption from property taxes for newly-constructed residential buildings in New York City for a construction period of up to three years and, post-construction, for periods ranging from 15 to 25 years. The statute expired as of January 15, 2016 but was re-enacted as the Affordable New York Housing Program on April 10, 2017. The suspensions announced Friday apply only to certain properties receiving benefits under the expired law, i.e. where construction was commenced on or before December 31, 2015.

DOF requires an FCE to show eligibility for post-construction benefits. FCEs are issued by HPD, the administrator of 421-a under the statute. The suspensions that go into effect as of July 1, 2018 will remain in place until the property owner submits an FCE to DOF. In addition, the City is expected to pursue retroactive revocation of benefits as to a substantial number these properties. Where benefits are revoked, the property owner may be required to reimburse the City for the full value of the exemption from its start date.

The suspensions follow on DOF's notification in December 2016 to owners of 3,100 properties that their benefits would be suspended unless the property owner got an FCE. In July 2017, DOF sent similar notices to owners of an additional 2,000 properties. A list of the properties receiving the December 2016 and July 2017 notices is on DOF's site at the link above. Properties that are in the first or second year of their construction benefits can expect to receive a suspension notice from DOF if the owner fails to file their FCE before the three year construction period ends.

This article describes generally the changes to the suspension of 421-a Benefits. It is for informational purposes only and should not be construed as legal advice applicable to specific facts and circumstances. For more information, please contact Zetlin & De Chiara LLP at 212-682-6800.

Zetlin & De Chiara LLP, a leading construction law firm, provides sophisticated legal counsel and business advice to real estate owners, developers, institutions, design professionals, contractors, and other parties involved in construction projects. Many of its attorneys have direct experience with construction and design issues through their work as in-house construction counsel, education and training as architects and engineers, and by earning LEED accreditation. The firm provides counsel throughout the planning, design, and construction process — from drafting and negotiating contracts to advising on risk management strategies. Zetlin & De Chiara represents clients in litigation and alternative dispute resolution, and also advises on business formation, licensing and corporate issues.

Zetlin & De Chiara LLP
801 Second Avenue | New York, NY 10017
Tel: 212-682-6800
www.zdflaw.com
Attorney Advertising



[Manage your preferences](#) | [Opt out using TrueRemove™](#)
Get this as a forward? [Sign up](#) to receive our future emails.
[View this email online.](#)

801 2nd Avenue
New York, NY | 10017 US

This email was sent to:
To continue receiving our emails, add us to your address book.



[Subscribe](#) to our email list.