



Breaking New Ground

**DIVISION OF TAX PROGRAMS AND POLICY
TAX INCENTIVE PROGRAMS UNIT**

J-51 Guidebook

HPD

**A PUBLICATION OF
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Department of Housing Preservation and Development**

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**Department of Housing Preservation and Development
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THE CITY OF NEW YORK
DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
Office of Development, Division of Housing Finance
Tax Incentive Programs Unit

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INTRODUCTION

This Guidebook provides an overview of the J-51 Tax Exemption/Tax Abatement Program (the *J-51 Program* or the *Program*) and describes the steps necessary to obtain the benefits provided by the Program.

The Program is authorized by Section 489 of the New York State Real Property Tax Law and Section 11-243 of the New York City Administrative Code. It is administered by the Tax Incentive Programs Unit (the *Tax Incentives Unit*) of the New York City Department of Housing Preservation and Development (*HPD*). HPD has published rules governing the Program (the *Rules*), codified in Chapter 5 of Title 28 of the Rules of the City of New York. A copy of the Rules is available from the Tax Incentives Unit. See Section 6 below for ordering instructions. This Guidebook provides general information only, and applicants must always consult the Rules for specific guidance about the Program.

This Guidebook is current as of April 2004. Since regulatory changes occur to the Program periodically, applicants consulting this guidebook more than one year after its publication should contact the Tax Incentives Unit to confirm that it remains up to date.

TABLE OF CONTENTS

SECTION 1. OVERVIEW OF THE J-51 PROGRAM.....	3
SECTION 2. ELIGIBLE PROJECTS AND LIMITATIONS.....	4
A. Eligible Projects.....	4
B. General Limitations on Project Eligibility.....	6
C. Other Tax Exemption/Tax Abatement Programs.....	8
SECTION 3. THE BENEFITS.....	10
A. Exemption Benefit.....	10
B. Exemption Benefit Limitations.....	10
C. Abatement Benefit.....	11
D. Abatement Benefit Limitations.....	12
E. Timing of Benefits Implementation.....	14
SECTION 4. CONDITIONS IMPOSED FOR THE BENEFITS.....	15
A. Filing Fee.....	15
B. Rent Regulation.....	15
C. MCI Rent Increase Limitation.....	16
D. Relocation Award.....	16
SECTION 5. PRE-APPLICATION PROCEDURES.....	17
A. Timing of Application Submissions.....	17
B. Before Work Begins.....	17
C. While Work Is in Progress.....	18
D. After Work Is Completed.....	18
SECTION 6. SOURCES OF ADDITIONAL INFORMATION.....	
INDEX TO DEFINED TERMS.....	
APPENDIX A (Itemized Cost Breakdown Schedule)	
APPENDIX B (Neighborhood Preservation Program Areas)	
APPENDIX C (The Minimum Tax Zone)	
APPENDIX D (The Tax Abatement Exclusion Zone)	
APPENDIX E (Sample J-51 Analysis for Two Properties)	

SECTION 1. OVERVIEW OF THE J-51 PROGRAM

The J-51 Program provides real estate tax benefits to owners of residential real property who perform rehabilitation work on their properties. The Program also grants tax benefits to owners of non-residential buildings who convert their buildings to residential use. Benefits are available as of right to owners of eligible projects.

The Program was originally enacted in 1955 to encourage landlords to upgrade cold water flats by installing heat and hot water systems, and has since been expanded to provide benefits for most major capital improvements, certain repairs, and conversions of buildings to residential use.

The Program grants two distinct benefits: a tax *exemption* and a tax *abatement*. The tax *exemption* benefit temporarily exempts property from the increase in assessed value which would otherwise occur as a result of significant renovation work. (Projects involving the replacement of only one or two systems do not generally result in an increase in assessed value and therefore do not utilize the tax exemption benefit.) The tax *abatement* reduces *existing* taxes by a percentage of the cost of the work performed. Most projects are eligible to receive both benefits for the same work. The term and amount of the tax exemption and tax abatement are discussed in detail in Section 3 below.

SECTION 2. ELIGIBLE PROJECTS AND LIMITATIONS

A. Eligible Projects

Only the types of projects listed below are eligible for J-51 benefits. The amount of benefits, discussed in Section 3 below, varies depending on the category of work. The project types listed below are written in SMALL CAPS elsewhere in this Guidebook for clarity.

1. *Listed MCIs to Multiple Dwellings.* This general, catch-all category includes major capital improvements listed in the Rules (*Listed MCIs*) made to buildings containing three or more separate dwelling units (*Multiple Dwellings*) or to buildings containing one or two dwelling units over commercial space. Multiple Dwellings include rental buildings, cooperatives and condominiums. Listed MCIs are set forth in Appendix A preceded by an asterisk. They include most types of major capital improvements, and also include work performed to allow energy conservation.

2. *Listed MCIs to Private Dwellings.* This category includes Listed MCIs made to buildings containing one or two dwelling units (*Private Dwellings*), but only if the work is carried out with Substantial Governmental Assistance. *Substantial Governmental Assistance* means a governmental grant or loan made as part of an affordable housing program.

3. *Moderate Rehabilitations of Multiple Dwellings.* If the Certified Reasonable Cost (defined in Section 3.C. below) of Listed MCIs made to a Multiple Dwelling exceeds \$2,500 per dwelling unit, the building is at least 60% occupied, the owner gives notice to the tenants of the work before it starts, and the project includes at least one building system replacement or improvement,* the project will be deemed a MODERATE REHABILITATION OF A MULTIPLE DWELLING. As a result, Listed Repairs (defined in Section 3.C. below) and certain other work (listed in Appendix A as "moderate rehabilitation only" items) will be eligible for benefits, and the overall benefits granted to the project will be increased.

* For the purposes of this requirement, building systems include (1) elevator replacement (all new elevator, new traction machine or controller, or conversion from manual to automatic), (2) boiler and/or burner replacement, (3) new heating piping, heat, mains, risers and branches in all dwelling units, (4) new plumbing piping, risers and branches in all dwelling units (waste, water main or both), (5) new sprinklers in the entire building, (6) new or adequate replacement wiring in all dwelling units and (7) new windows and trim in at least 90% of all residential units.

4. Substantial Rehabilitations of Formerly City-Owned Buildings.

This category includes Listed MCIs made to a formerly City-owned building* as part of a project which includes replacement of at least four building systems,** provided that the project receives Substantial Governmental Assistance and is part of a program to provide housing for low and moderate income households. Projects in this category are eligible for increased benefits, as discussed in Section 3 below.

5. Landmarks Projects. This category includes work performed pursuant to a Landmarks Preservation Commission permit, provided that the work is visible from a public street. Unlike other work, the full cost of LANDMARKS PROJECT work is eligible for benefits. See Section 3.C. below.

6. Conversions of Non-Residential Buildings into Multiple Dwellings. This category includes Listed MCIs and Listed Repairs performed as part of the conversion of a non-residential building into a Multiple Dwelling. To be eligible, the conversion must be as-of-right (i.e., no zoning variance is needed) and, if located in the borough of Manhattan, the building may not be located in an FAR 15 zone (limited high-density areas located mainly in midtown and lower Manhattan).

7. Work on Interim Multiple. This category includes Listed MCIs and Listed Repairs performed as part of the residential conversion of a building classified as an Interim Multiple Dwelling under Article 7-C of the Multiple Dwelling Law (the Loft Law) and registered with the Loft Board. This category also includes Listed MCIs performed to bring Interim Multiple Dwellings into compliance with the safety and fire protection standards of Article 7-B of the Multiple Dwelling Law.

8. Conversions of Class B Multiple Dwellings and Class A SRO Multiple Dwellings into Regular Class A Multiple Dwellings. This category includes Listed MCIs and Listed Repairs performed as part of the conversion of a building classified as a Class B Multiple Dwelling (a building used for transient occupancy) or a Class A Multiple Dwelling used for single room occupancy into a regular Class A Multiple Dwelling (a building used for permanent occupancy). Class A Multiple Dwellings used for single room occupancy, unlike regular Class A Multiple Dwellings, contain dwelling units which share kitchens and bathrooms. Projects in this category are eligible for benefits only if they receive Substantial Governmental Assistance.

* Or buildings conveyed by deed by the Commissioner of Finance.

** Defined as for MODERATE REHABILITATIONS OF MULTIPLE DWELLINGS.

9. *Conversions of Non-Profit Institutions with Sleeping Accommodations into Regular Class A Multiple Dwellings.* This category includes Listed MCIs and Listed Repairs performed as part of the conversion of a building classified as a Non-Profit Institution with Sleeping Accommodations into a regular Class A Multiple Dwelling. *Non-Profit Institutions with Sleeping Accommodations* are a category of buildings under the Zoning Resolution and are generally similar to single room occupancy buildings. Conversion projects in this category are eligible for benefits only if they receive Substantial Governmental Assistance.

10. *Conversions of Private Dwellings into Multiple Dwellings.* This category includes Listed MCIs and Listed Repairs performed as part of the conversion of a Private Dwelling into a Multiple Dwelling with Substantial Governmental Assistance.

11. *Conversions of Multiple Dwellings into Private Dwellings.* This category includes Listed MCIs and Listed Repairs performed as part of the conversion of a Multiple Dwelling into a Private Dwelling with Substantial Governmental Assistance.

12. *Rehabilitation Work on Class B and Class A SRO Multiple Dwellings.* §488-a of the Real Property Law and §11-244 of the Administrative Code provide enriched exemption and abatement (150% of the CRC, but not more than the actual cost of work) benefits to owners of SRO multiple dwellings who perform rehabilitation work on SRO buildings (i.e. as long as the post-rehab use of the building remains an SRO). Though not covered by the J-51 program, an application for such benefits can be made to the Tax Incentive Programs Unit using a J-51 application package, as the documentation requirements are the same. Owners should notify the J-51 Program that the application being made is for an SRO rehabilitation. Consult §11-244 of the Administrative Code for details and the program and Section 3.A and 3.C for details about enriched benefits.

B. General Limitations on Project Eligibility

Even if a project is one of the types listed in Section 2.A. above, it will be ineligible for J-51 benefits if it fails to satisfy any one of the requirements and limitations below.

1. *Project Must Be Completed Promptly.* For a project to be eligible for J-51 benefits, it must be completed within 36 months after it begins. As an exception, a project undertaken by a Housing Development Fund Company which is carried out with Substantial Governmental Assistance in a building that is conveyed by the City is allowed 60 months from start to completion if the work is

completed within seven years after transfer from city ownership. In its discretion, HPD may extend the allowed construction period to as long as 60 months for other projects carried out with Substantial Governmental Assistance. A *Housing Development Fund Company* or *HDFC* is a non-profit corporation whose primary purpose is to build affordable housing. Time limitations applicable to filing and completing an application are discussed in Section 5 below.

2. *Building Must Not Be Receiving Other Tax Benefits.* A building is not eligible for J-51 benefits if it is receiving benefits under any of the programs listed in Section 2.C. below.

3. *Building Must Not Be in Arrears.* A building is not eligible for J-51 benefits if real estate taxes, water or sewer charges, or other municipal charges are in arrears. The ineligibility can be removed at any time by paying off the arrears. If a building receiving J-51 benefits falls into arrears, the benefits will terminate, but may be reinstated by paying the arrears.

4. *Project Must Not Involve Work on a Class B Multiple Dwelling, a Class A SRO Multiple Dwelling or a Non-Profit Institution with Sleeping Accommodations Unless It Receives Substantial Governmental Assistance.* Unless a project receives Substantial Governmental Assistance, all work on Class B Multiple Dwellings, Class A SRO Multiple Dwellings and Non-Profit Institutions with Sleeping Accommodations is ineligible for benefits. If a building contains both Class A and Class B dwelling units, work on the Class A units will be eligible in limited circumstances. §488-a of the Real Property Law and §11-244 of the Administrative Code (the "SRO Rehabilitation Tax Benefit") provide a form of *enriched benefits* to owners of SRO multiple dwellings who perform rehabilitation work on SRO buildings (i.e. as long as the post-rehab use of the building remains an SRO). Though not covered by the J-51 program, an application for such benefits can be made to the Tax Incentive Programs Unit using a J-51 application package, as the documentation requirements are the same.

5. *Building Must Not Be in Very Poor Condition.* For a building to be eligible for benefits, it must have had an assessed value of at least \$1,000 before the project started unless the project receives Substantial Governmental Assistance. Buildings in very poor condition sometimes do not satisfy this requirement. In addition, buildings must have either (i) at least 75% of the total area of the original perimeter walls remaining and at least 50% of the total area of original non-party perimeter walls remaining or (ii) at least 80% of the original structural floor area remaining.

6. *Building Must Not Have Code Violations.* For a building to be eligible for benefits, it must be in compliance with applicable law, including the Building Code, the Multiple Dwelling Law, the Housing Maintenance Code and

the Zoning Resolution after completion of the work. Building Code and Housing Maintenance Code violation reports are required as part of the application process, and violations (other than minor (Class A) Housing Maintenance Code violations) make a building ineligible unless an architect or engineer certifies that the violations have been corrected.

7. *Project Must Be Carried Out Legally.* A project is eligible for J-51 benefits only if the owner obtains all necessary permits and sign-offs. Permits and proof of work sign-offs are required as part of the application process.

8. *Project Must Not Result in Creation of Mostly Studio Apartments.* For conversion projects and for rehabilitation projects which increase the number of dwelling units in a building, the building must contain a number of bedrooms equal to 75% of the total number of dwelling units after conversion. Studios are treated as having zero bedrooms. As an example, if a 100 unit residential building is created through conversion or if additional units are created as part of a rehabilitation project, the building will be required to contain 75 bedrooms after conversion. This requirement could be satisfied with 75 one bedroom apartments, 38 two bedroom apartments, or any combination of one or two bedroom or larger apartments totaling 75 bedrooms.

9. *Project Must Not Be Undertaken as Part of a National Housing Act § 223(f) Refinancing.* Projects undertaken in connection with the refinancing of a housing project pursuant to § 223(f) of the National Housing Act are ineligible for benefits.

C. Other Tax Exemption/Tax Abatement Programs

In addition to the J-51 Program, the City of New York provides real property tax exemptions and/or tax abatements under a number of other programs. For more information on the programs listed below, see Section 6 below. The following programs are available:

1. *Administrative Code § 11-244.* This program provides benefits for conversions of buildings into Class B Multiple Dwellings, Class A SRO Multiple Dwellings and Non-Profit Institutions with Sleeping Accommodations and also provides benefits for most types of rehabilitation work performed on these categories of buildings.

2. *Real Property Tax Law § 421-a.* This program provides benefits for new construction of Multiple Dwellings.

3. *Real Property Tax Law § 421-b*. This program provides benefits for new construction and substantial rehabilitation of owner-occupied Private Dwellings.

4. *Real Property Tax Law § 420-a*. This program provides benefits for projects which are (i) owned or controlled by an HDFC, (ii) assisted by the city or state, and (iii) subject to an agreement which (A) requires use as low-income rental housing, (B) reserves a portion of the project for the homeless and persons with special needs and (C) requires that supportive social services for residents be provided. The program also provides benefits for certain other categories of properties owned by not-for-profit organizations and used for charitable purposes.

5. *Real Property Tax Law § 420-c*. This program provides benefits for projects which are (i) controlled by an HDFC or other housing-related not-for-profit corporation, (ii) subject to a regulatory agreement which requires use as low-income housing, (iii) financed in part with a loan from the city or the state, and (iv) financed in part with federal low income housing tax credits.

6. *General Municipal Law § 696 (UDAAP)*. This program grants a tax exemption to rehabilitation and new construction projects involving housing on formerly city-owned land (and private land in limited situations) in an area which the City Council determines to be in need of urban renewal. The exemption requires City Council approval.

7. *Private Housing Finance Law Article XI (§ 577)*. This program provides a tax exemption to projects owned by HDFCs involving the new construction or rehabilitation of affordable housing. The exemption requires City Council approval.

8. *Industrial and Commercial Incentive Program (ICIP)*. This program provides benefits for new construction and rehabilitation projects involving industrial or commercial properties.

SECTION 3. THE BENEFITS

The Program grants two distinct benefits: a tax *exemption* and a tax *abatement*. Most eligible projects receive both benefits. Both are explained below.

A. Exemption Benefit

Rehabilitation projects involving a substantial scope of work and conversion projects generally trigger an increase in the assessed value of a building. The tax exemption granted under the J-51 Program temporarily exempts the property from this increase. Most projects receive an exemption for 14 years, phased out 20% per year over the last four years. MODERATE REHABILITATIONS OF MULTIPLE DWELLINGS and SUBSTANTIAL REHABILITATIONS OF FORMERLY CITY-OWNED BUILDINGS receive an exemption for 34 years, also phased out 20% per year over the last four years.

B. Exemption Benefit Limitations

Receipt of the exemption benefit is subject to the limitations listed below:

1. *Manhattan Limitation*. Except as noted below, buildings in Manhattan south of 110th Street cannot receive any exemption benefit if their average assessed value per dwelling unit is \$38,000 or more after work is complete. In addition, the exemption benefit is reduced for buildings with post-rehabilitation or post-conversion assessed values between \$18,000 and \$38,000. This limitation disqualifies many buildings in the limitation area. The limitation does not apply to (i) buildings which contain 30% affordable units and satisfy certain other requirements, (ii) MODERATE REHABILITATIONS OF MULTIPLE DWELLINGS, (iii) WORK ON INTERIM MULTIPLE DWELLINGS and (iv) LISTED MCIS TO MULTIPLE DWELLINGS OF LANDMARKS PROJECTS which (A) receive Substantial Governmental Assistance (including SONYMA or REMIC mortgage insurance) or Charitable Assistance or (B) are located in Neighborhood Preservation Program areas lying south of 110th Street (see Appendix B). *Charitable Assistance* means a grant or loan from a charitable organization one of whose primary purposes is to provide affordable housing.

2. *Mitchell-Lama Limitation*. Mitchell-Lama buildings receive an exemption only for work which is not financed with governmental grants or loans. For a project to be eligible for any exemption benefit, at least one building-wide

system must be improved or replaced. A sub-metering installation is for electricity is also required.

C. Abatement Benefit

The tax abatement reduces existing taxes by a percentage of the Certified Reasonable Cost (CRC) of the work performed. The Tax Incentives Unit calculates as the lesser of actual cost and the amount set forth on a cost schedule provided in the Rules. In most cases, the cost allowance is significantly below actual cost. . The cost schedule is set forth in Appendix A.

For most projects, only Listed MCIs are eligible for benefits. These items are marked with an asterisk in Appendix A. In the case of MODERATE REHABILITATIONS OF MULTIPLE DWELLINGS, ordinary repairs listed in the Rules (*Listed Repairs*) which are made as part of the project will also be eligible for benefits. Listed Repairs made as part of other types of projects are also eligible if the project is performed pursuant to an Alteration Type-1 Permit (which is generally used only for conversions and major rehabilitation projects). Listed Repairs to common areas may also be eligible if made concurrently with Listed MCIs.

Except for LANDMARKS PROJECTS, the CRC of each item of work equals the lesser of the actual cost of the item and the amount listed on the cost schedule in the Rules. For LANDMARKS PROJECTS, the CRC equals the full cost of the work.

Most projects receive an abatement equal to 90% of CRC. The exceptions are as follows:

- CONVERSIONS OF NON-RESIDENTIAL BUILDINGS INTO MULTIPLE DWELLINGS in Manhattan, WORK ON INTERIM MULTIPLE DWELLINGS in Manhattan, and CONVERSIONS OF CLASS B MULTIPLE DWELLINGS AND CLASS A SRO MULTIPLE DWELLINGS INTO REGULAR CLASS A MULTIPLE DWELLINGS south of 96th Street in Manhattan receive an abatement equal to only 50% of CRC.
- MODERATE REHABILITATIONS TO MULTIPLE DWELLINGS which are performed without Substantial Governmental Assistance or Charitable Assistance receive an abatement equal to 100% of CRC.
- MODERATE REHABILITATIONS TO MULTIPLE DWELLINGS which receive Substantial Governmental Assistance or Charitable Assistance and

SUBSTANTIAL REHABILITATIONS OF FORMERLY CITY-OWNED BUILDINGS receive an abatement equal to 150% of CRC (but not more than the actual cost of the work).

The tax abatement may be used to reduce or eliminate real estate taxes on both buildings and land (except in the parts of Manhattan located within the Minimum Tax Zone, discussed below). For most projects, up to 8 $\frac{1}{3}$ % of the total CRC may be applied in any tax year. For **MODERATE REHABILITATIONS TO MULTIPLE DWELLINGS** which receive Substantial Governmental, Charitable Assistance, or are privately financed, and **SUBSTANTIAL REHABILITATIONS OF FORMERLY CITY-OWNED BUILDINGS**, 12 $\frac{1}{2}$ % of CRC may be used per year. If the abatement has not been fully used after 20 years, the balance is lost. In most cases, abatements will be fully used within 11 to 12 years. In the case of a property with very low taxes or a project with a high CRC, however, the abatement may reduce annual taxes to zero for 20 years without fully using all of the available benefit.

D. Abatement Benefit Limitations

Receipt of the abatement benefit is subject to the limitations listed below:

1. *Cooperative/Condominium Limitation.* Unless work on a cooperative or condominium is completed within 36 months after the cooperative or condominium is established (which date is fixed by the first sale of a unit in the building), work is eligible for the abatement benefit only if (i) the building has an average assessed value of \$40,000 per dwelling unit or less and (ii) the average per room sale price during the three years prior to start of the work was no more than roughly \$88,450.[†] These limitations disqualify many wealthier cooperatives and condominiums. For cooperatives and condominiums which qualify, benefits are limited to Listed MCIs and the total abatement may not exceed \$2,500 per dwelling unit in any tax period.

2. *Maximum Abatement Limitation.* Except as noted below, the total CRC for any project may not exceed an amount per apartment equal to \$12,600 for a studio apartment and an additional \$2,400 for each bedroom. This limitation ordinarily affects only conversions and major rehabilitation. The limitation does not apply to (i) **MODERATE REHABILITATIONS OF MULTIPLE DWELLINGS**,

[†] The statutory limitation is 35% of the maximum mortgage amount of a single family house eligible for purchase by the Federal National Mortgage Insurance Corporation ("Fannie Mae"). The limitation per room is \$84,000 for 1999, \$79,503 for 1998, \$75,110 in 1997, \$72,450 in 1996, and \$71,103 in 1994 and 1995.

(ii) WORK ON INTERIM MULTIPLE DWELLINGS and (iii) LISTED MCIS TO MULTIPLE DWELLINGS OF LANDMARKS PROJECTS which (A) receive Substantial Governmental Assistance (including SONYMA or REMIC mortgage insurance) or Charitable Assistance or (B) are located in Neighborhood Preservation Program areas (see Appendix B). The limitation may be adjusted upwards by up to 25% in the discretion of HPD if the additional work is needed to comply with applicable law or to properly complete the project.

3. *Assessed Value Limitation.* Except as noted below, a building is ineligible for any abatement benefit if it has an average assessed value of \$40,000 per dwelling unit or more at the commencement of the project. This limitation disqualifies many wealthier buildings. The limitation does not apply to (i) cooperatives and condominiums, (ii) substantial rehabilitations of vacant buildings and conversions of non-residential buildings, (iii) MODERATE REHABILITATIONS OF MULTIPLE DWELLINGS, (iv) WORK ON INTERIM MULTIPLE DWELLINGS and (v) LISTED MCIS TO MULTIPLE DWELLINGS OF LANDMARKS PROJECTS which (A) receive Substantial Governmental Assistance (including SONYMA or REMIC mortgage insurance) or Charitable Assistance or (B) are located in Neighborhood Preservation Program areas (see Appendix B).

4. *Minimum Tax Zone Limitation.* Buildings located in the Minimum Tax Zone may use the abatement benefit they receive only to abate taxes on the value of the building, not the land. For most buildings, land value is a relatively small percentage of the total value of the property. The Minimum Tax Zone is located in Manhattan from 86th Street southward, as indicated in Appendix C. Exceptions to the Minimum Tax Zone limitation include projects receiving Substantial Governmental Assistance and projects eligible for moderate rehabilitation benefits.

5. *Tax Abatement Exclusion Zone Limitation.* Buildings located in the Tax Abatement Exclusion Zone are limited to an abatement of \$2,500 per dwelling unit in any tax period. The Tax Abatement Exclusion Zone is located in Manhattan from 96th Street southward, as indicated in Appendix D. Exceptions to the Tax Abatement Exclusion Zone limitation include projects receiving Substantial Governmental Assistance.

6. *Mitchell-Lama Limitation.* Mitchell-Lama buildings receive an abatement only for work which is not financed with governmental grants or loans. For a project to be eligible for any abatement benefit, at least one building-wide system must be improved or replaced. The total abatement cannot exceed 90% of CRC and the annual abatement cannot exceed 8⅓% of CRC. In addition, the annual abatement may not reduce taxes (or payments in lieu of taxes) by more than 50%.

E. Timing of Benefits Implementation

Unless eligible for *construction-period benefits*, J-51 *exemption* benefits commence on the July 1st following issuance of a Certificate of Eligibility by HPD and filing of the Certificate of Eligibility with the Department of Finance. Unless eligible for *construction-period benefits*, J-51 *abatement* benefits for most types of properties begin on the January 1st or July 1st following filing of the Certificate of Eligibility with the Department of Finance. Cooperatives and condominiums with an average transitional assessed value of less than \$40,000 per dwelling unit begin to receive abatement benefits on the January, April, July or October 1st following filing of the Certificate of Eligibility.

The Department of Finance accepts Certificates of Eligibility only during the months of January, April (until April 25th), July and October. In those tax quarters where the filing deadline date (i.e., the last day of January, July and October, and April 25th) falls on a weekend day, the deadline date will be transferred to the Monday following that weekend.

Based on these timing limitations, missing the April filing deadline delays the receipt of exemption benefits by a year, and missing either the April or October deadlines delays abatement benefits by six months for most properties.

A project is eligible for *construction-period benefits* if it is (i) aided by a loan or grant made pursuant to Articles 8, 8-A, 11, 12, 15 or 22 of the Private Housing Finance Law, §§ 99(h) or 696-a of the General Municipal Law, § 312 of the United States Housing Act of 1964, or the Cranston-Gonzalez National Affordable Housing Act (statutory authorities generally used by HPD) or is (ii) carried out by or on behalf of a § 501(c)(3) (federally tax-exempt) not-for-profit corporation which has entered into a regulatory agreement with HPD requiring operation of the property as housing for low and moderate income persons and families. In addition, a project may receive a construction-period *exemption* benefit *only* if it is carried out by an HDFC either with Substantial Governmental Assistance or in a property transferred from the city within seven years after transfer. Construction-period exemption benefits may begin on the first day of any tax quarter designed by the Tax Incentives Unit following the commencement of construction.

Construction-period benefits do not increase the overall amount of J-51 benefits which a project receives. However, because they accelerate the timing of the benefits by three to five years in most cases (the duration of the project and the time then required to file and process the application), they substantially increase the value of J-51 benefits taking into consideration the time value of money. In addition, they can significantly improve cash flow while a project is in construction.

SECTION 4. CONDITIONS IMPOSED FOR THE BENEFITS

The J-51 Program charges a filing fee. In addition, the Program requires that all rental units in buildings receiving benefits be subject to rent stabilization if not already rent stabilized or controlled. The Program also limits the MCI rent increase allowed under the Rent Stabilization Code for rehabilitation work on regulated buildings.

A. Filing Fee

At the time an application is filed, the applicant must pay an application fee of \$100. At the time a Certificate of Eligibility is issued, the applicant must pay an additional fee equal to 0.4% of the CRC in excess of \$5,000. This calculates to \$4 per \$1,000 in CRC.

In addition, as noted in Section 5 below, the total final fee for the Certificate of Eligibility are doubled if the applicant fails to file a Notice of Intent (Form J-11) with the HPD Tax Incentives Unit before work begins.

Fees must be paid by certified, cashier's or attorney's check or the personal check of the owner or filing agent. Checks should be made payable to "NYC Department of Finance."

B. Rent Regulation

A rental unit which receives J-51 *exemption* and/or *abatement* benefits must be registered with the Division of Housing and Community Renewal (DHCR) and subjected to rent stabilization for the full term of the J-51 benefits, regardless of whether the rental unit would otherwise have been subject to the Rent Stabilization Law.

In the case of newly stabilized rental units, the initial registered rent is the amount for which the owner rents the unit at the time of initial registration. The J-51 Program *does not* impose a limit on this amount.

A rental which was not rent stabilized before receiving J-51 benefits will remain rent stabilized only for the period of J-51 benefits if the lease gives the tenant notice that rent stabilization will expire at that time. If the lease fails to contain the required notice, the unit will be destabilized only at the time of the first vacancy after J-51 benefits expire.

C. MCI Rent Increase Limitation

Owners who obtain an increase in legal registered rent from the Division of Housing and Community Renewal (*DHCR*) pursuant to the Rent Stabilization Code for work receiving J-51 benefits must waive a portion of the rent increase equal to 50% of the tax abatement benefit received. Following the expiration of the tax abatement, the owner may collect the full amount of the annual rent adjustment granted by DHCR.

D. Relocation Award

Conversion projects involving buildings with former manufacturing or commercial uses that have also displaced commercial tenants may have to make relocation payments to displaced tenants in order to receive J-51 benefits. Consult Section 11-243z of the New York City Administrative Code for more information.

SECTION 5. PRE-APPLICATION PROCEDURES

The procedures for filing an application for J-51 benefits are discussed in detail in the application packet available from HPD. See Section 6 below for ordering information. This section provides guidance on important steps to take prior to preparing and submitting a J-51 application.

A. Timing of Application Submissions

In addition to the time limitations on project duration discussed in Section 2.B. above, a J-51 application must be submitted within 48 months after the commencement of construction (except for WORK ON INTERIM MULTIPLE DWELLINGS, for which an application must be filed not later than 12 months following completion of the work). Applications must be completed within 24 months after initial filing, or will be deemed withdrawn.

B. Before Work Begins

All applicants seeking an exemption or an abatement where the CRC exceeds \$7,500 per dwelling unit must file an Affidavit of No Harassment with HPD not less than 30 days prior to the start of construction. The Tax Incentives Unit may accept an Affidavit of No Harassment filed later in its discretion.

All applicants must file a Notice of Intent (Form J-11) with the Department of Finance not less than 45 days before the start of work. If an applicant fails to do so, the total fee for the application is doubled. Fees are discussed in Section 4.A. above.

In the case of a MODERATE REHABILITATION OF A MULTIPLE DWELLING, the applicant must notify both the tenants and HPD of the nature of work and the anticipated start date between 30 and 180 days before start of the work, using forms prescribed by HPD.

Finally, applicants must obtain all required building permits and construction sign-offs.

C. While Work Is in Progress

The J-51 Program imposes extensive documentation requirements, including submission of copies of all contracts, canceled checks, permits and permit applications. Accordingly, applicants should save all documents gathered in the course of construction. Cash in excess of \$5,000 cannot be claimed as payment for work performed. Accordingly, applicants should pay for work by check. Applicants should retain original documents after submission of a J-51 application and receipt of benefits as such documents may be required if the application is audited.

As noted in Section 2.B. above, a building must be clear of Building Code and Housing Maintenance Code violations at the time of application. Applicants may obtain a report of pending violations of the Housing Maintenance Code from HPD. Applicants may obtain a report of pending Building Code violations from the Department of Buildings. See Section 6, below for ordering information.

Applications for construction-period benefits (discussed in Section 3.E. above) may be made after work has commenced.

D. After Work Is Completed

Applications (except applications for construction-period benefits) can be prepared and submitted to HPD only after the completion of all work on a project. Applications must be submitted to HPD on prescribed forms. See Section 6 below for ordering information. Applications may be filed with HPD only during the following time periods:

February 1 to March 15

May 1 to June 15

August 1 to September 15

November 1 to December 15

As discussed in Section 4.A. above, all applications must be accompanied by a \$100 check payable to "New York City Department of Finance." After submission of all required supporting documents, files are generally processed within three to five months. Because of the large number of required supporting documents, applicants inexperienced with the J-51 Program should expect that gathering and submitting all supporting documents will take them as long as six to nine months after initial filing.

As part of the application review process, HPD may elect to send an inspector to the building to verify performance of all claimed work. In this

case, the applicant will be required to make arrangements to provide access for the inspector.

When an application has been processed, HPD issues a Certificate of Eligibility, which sets forth the benefits to which the applicant is entitled. After a Certificate of Eligibility has been issued, the applicant will need to first file with the City Collector's Office for a Property Tax Search printout; the instructions on how to do this are detailed on the "Green Form," which the applicant can obtain thereat. The next step deals with the applicant filing, both the P.T.S. printout and the C. of E., with the Real Property Assessment Bureau of the Department of Finance, at 66 John Street, (13th Fl.) New York, N.Y. 10038

Temporary Certificates of Eligibility are valid for a maximum of two calendar years. If a Final application for a Certificate of Eligibility is not completed within two years of the issuance of the Temporary certificate, HPD may direct the Department of Finance to revoke all tax benefits granted by J-51.

There are other situations that will prevent the Department of Finance from implementing J-51 benefits. These are 1) non-payment of outstanding real estate taxes due (i.e. those for which J-51 benefits will not be applied retroactively) and 2) non-payment of outstanding water and sewer charges due, if such outstanding charges still show on records at the Department of Finance. In the case of either arrears, the property owner will have to pay outstanding charges or enter into an satisfactory installment agreement with Finance before the Department of Finance will implement J-51 benefits.

SECTION 6. SOURCES OF ADDITIONAL INFORMATION

General J-51 Information, Applications and Rules. Call, fax or visit:

Department of Housing Preservation and Development

Tax Incentive Programs Unit

100 Gold Street, 9th Fl./Section 9-V

New York, NY 10038

(Located at the corner of Frankfort Street, immediately south of the Brooklyn Bridge)

Telephone (212) 863-5517

Facsimile (212) 863-5899

To obtain a copy of the Rules, mail or hand deliver a certified, cashier's, attorney's or personal check payable to "New York City Department of Finance" in the amount of \$12.50 to the address above. Applications are available without charge upon request in person, by telephone or in writing.

Information on Tax Incentive Programs (other than J-51 or ICIP). Call Margot Algae Sklar of the Tax Incentives Unit at (212) 863-5185

Information on ICIP. Call the Department of Finance, ICIP Unit, at (212) 361-7167

Information Regarding Implementation of J-51 Benefits. After receipt of a Certificate of Eligibility, questions regarding the implementation of benefits should be directed to the Real Property Assessment Bureau of the Department of Finance in the borough where the property is located. The bureaus can be contacted by telephone at the following numbers:

Manhattan	(212) 361-7660
Bronx	(718) 579-6879
Brooklyn	(718) 802-3560
Queens	(718) 658-4608
Staten Island	(718) 390-5295

Building Code Violations, Permit Issuance and Sign-Off and Certificate of Occupancy Information. Contact the borough office of the Department of Buildings in the borough where the property is located. The telephone numbers of the borough offices are:

Manhattan	(212) 227-7000
Bronx	(718) 579-6923
Brooklyn	(718) 802-3675
Queens	(718) 520-3422
Staten Island	(718) 816-2310

Housing Maintenance Code Violations. Contact HPD's borough office in the borough where the property is located. The telephone numbers of the borough offices are:

Manhattan	(212) 234-3983 or 2541
Bronx	(718) 579-6772
Brooklyn	(718) 802-3520 or 827-1942 or 1921
Queens	(718) 286-0800 or 0737 or 0738
Staten Island	(718) 340-7331

INDEX TO DEFINED TERMS

Certificate of Eligibility, 19
Charitable Assistance, 10
Conversions of Class B or Class A SRO Multiple Dwellings into Regular Class A Multiple Dwellings, 5
Conversions of Multiple Dwellings into Private Dwellings, 6
Conversions of Non-Profit Institutions with Sleeping Accommodations into Regular Class A Multiple Dwellings, 6
Conversions of Non-Residential Buildings into Multiple Dwellings, 5
Conversions of Private Dwellings into Multiple Dwellings, 6
CRC, 11

DHCR, 17

HDFC, 6

Housing Development Fund Company, 6

HPD, 1

J-51 Program, 1

Landmarks Projects, 5

Listed MCIs, 4

Listed MCIs to Multiple Dwellings, 4

Listed MCIs to Private Dwellings, 4

Listed Repairs, 11

Moderate Rehabilitations of Multiple Dwellings, 4
Multiple Dwellings, 4

Non-Profit Institutions with Sleeping Accommodations, 6

Private Dwellings, 4

Program, 1

Rules, 1

Substantial Governmental Assistance, 4

Substantial Rehabilitations of Formerly City-Owned Buildings, 5

Tax Incentives Unit, 1

Work on Interim Multiple Dwellings, 5

APPENDIX A

ITEMIZED COST BREAKDOWN SCHEDULE

(a) General Construction.

Item	Units	Allowance
# * (1) Asbestos abatement ¹	sq/lin ft..	See table
# * (2) Boiler room enclosure	sq. ft.	7.50
# * (3) Bulkhead	sq. ft.	8.50
(4) Ceiling, cellar (fireproof gyp bd)	sq. ft.	1.60
(5) Ceilings, gypsum board or plaster	rooms	280.
# * (6) Cement wash or parge waterproofing	sq. ft.	1.00
(7) Ceramic tile, bathroom ²	bathrooms	750.
# * (8) Chimney, masonry	floors	1200.
* (9) Compactor, See Item "Refuse"		
# (10) Concrete, structural slab & beam ³	cu. yd.	500.
# (11) Concrete, structural foundation ³	cu. yd.	250.
# (12) Concrete, flatwork ⁴	sq. ft.	4.00
* (13) Deleading of lead paint hazard ⁵	—	Per Contract
(14) Demolition & removal allowance ⁶	rooms	200.
Doors (incl. frame and hardware)	XXXXXXXXXXXXXXXXXXXX	
* (15) Main entrance and lobby	set .	4000.
* (16) Hollow metal	doors	475.
(17) Wood swing	doors	135.

(18)	Bi-fold closet	bi-fold	110.
(19)	Sliding closet (2 doors)	set	125.
** (20)	Storm	doors	180.
(21)	Dumbwaiters converted to closets	units	250.
(22)	Dumbwaiters sealed	units	110.
(23)	Entrance stoop steps, concrete	risers	225.
* (24)	Fire escapes	flights	2000.
# (25)	Floor joists (incl. sub floor) ³	joists	165.
(26)	Flooring, finished wood	rooms	500.

	Item	Units	Allowance
	(27) Flooring, resilient w/underlayment	rooms	450.
**	(28) Insulation, wall (thermal only)	sq. ft.	0.50
**	(29) Insulation, roof (thermal only)	sq. ft.	0.85
# *	(30) Leaders and gutters	floors	40.
*	(31) Lintel replacement	units	250.
*	(32) Mailboxes	d.u.	50.
# *	(33) Masonry	sq. ft.	7.50
# *	(34) Parapet including coping	lin. ft.	135.
	(35) Partitions, gypsum board or plaster	rooms	600.
	(36) Partitions, framing	rooms	350.
# *	(37) Pointing ⁷	sq. ft.	2.00
# *	(38) Railings, roof	lin. ft.	25.

*	(39) Refuse		
*	chute, complete	floors	750
*	compactor, central unit	compactors	6800
*	recycling, base separating unit (turntable and/or diverter)	chutes	17000
	recycling, floor control panel	floors	750
# *	(40) Roof surface	sq. ft.	1.25
	(41) Skylight including screens ⁸	units	1300.
	(42) Stairs, steel	flights	2200.
#	(43) Structural steel ³	lbs.	1.50
*	(44) Window, single pane glass ⁹	units	140.
**	(45) Window, insulating glass	units	175.
**	(46) Window, insulating glass over 24 sf	sq. ft.	10.
**	(47) Window, storm with screen	units	65.
*	(48) Window guards, approved security	units	175.
*	(49) Window guards, childproof	units	25.

(b) Elevator.

Item	Units	Allowance
* (1) New elevator, complete	units + floors	45,000. + 7000.
* (2) Convert manual to automatic ¹⁰	units	7000.
Elevator, partial	XXXXXXXXXXXXXXXXXXXX	
* (3) Motor ¹¹	motors	3500.
* (4) Traction machine ¹¹	units	10000.
* (5) One-speed controller ¹¹	controller	6200.
* (6) Two-speed or variable controller ¹¹	controller	8000.

* (7) Cables	floors	400.
* (8) Shaftway door	doors	800.
* (9) Floor call station	floors	200.
* (10) Interlocks	interlocks	280.
* (11) Door operator	units	2500.
* (12) Reline cab	units	4200.
* (13) Top of Car Safety Device	units	2800

(c) Plumbing.

Item	Units	Allowance
(1) Bathtubs ¹²	tubs	450.
# * (2) Hot water heater/tank (input)	MBH	See table
# ** (3) Insulation, pipe (also for heating)	lin. ft.	2.50
(4) Kitchen sinks ¹³	sinks	175.
(5) Lavatory ¹²	lavs	150.
Piping	XXXXXXXXXXXXXXXXXXXX	
* (6) Water main, risers, branches	d.u.	1700.
* (7) Waste and vent (complete)	d.u.	1500.
# * (8) Water service, street connect ¹⁴	lin. ft.	110.
# * (9) Sewer, street connection	lin. ft.	200.
* (10) Gas, risers and connections	d.u.	275.
* (11) Sprinklers, heads only	heads	30.
* (12) Sprinklers, piping and heads	heads	220.
# * (13) Standpipes	floors	600.

* (14) Tank, water storage	gallon	1.50
(15) Water closets ¹²	units	200.
(16) Food Waste Disposers	unit	300.

(d) Heating.

Item	Units	Allowance
# ** (1) Boiler-burner (output) ¹⁵	MBH	See table
# ** (2) Boiler (output).	MBH	See table
# ** (3) Burner (output) ¹⁵	MBH	See table
(4) Convectors or radiators	units	250.
# * (5) Electronic boiler control system	units	2500.
(6) Exhaust duct (int.kit & bath only)	units	310.
# * (7) Metal boiler stack	floors	400.
# * (8) Oil tank	gallon	See table
* (9) Piping, heat mains, risers, branch	rooms	220.

(e) Electric.

Item	Units	Allowance
* (1) Adequate wiring ¹⁸ (risers and meters separate)d.u.		370.
* (2) All-new wiring	d.u. + rooms	400. + 420.
* (3) Electric service equipment (individual meter)	entry + d.u.	1500 + 160
(master meter)	entry + d.u.	1500 + 110
Apartment Panel	d.u.	300
(4) Risers (individual or master meter) ¹⁸	d.u.	350-500
* (4) Intercom, door opener	d.u.	100.

(5) Outlet on new circuit	outlets	100.
• (6) Smoke detectors, hard wired	units	100.
(7) Submetering installation ¹⁶	d.u.	280.
(8) Cogeneration Equipment ¹⁹	kilowatt	400.

(f) Moderate rehabilitation only.

Item	Units	Allowance
(1) Kitchen cabinets, wall ¹⁷	lin. ft.	55.
(2) Kitchen cabinets, base & counter ¹⁷	lin. ft.	70.
(3) Medicine cabinets inc mirror ¹²	units	85.
(4) Range (minimum 30 in. width) ¹³	units	300.
(5) Refrigerator (min. 12 cf nominal) ¹³	units	420.
(6) Steam or chemical cleaning	sq. ft.	0.80

(g) Landmark Projects Only

Items of work listed on this schedule only See Section 5-03(a)(5) of the Rules

Boiler/Burner Table (maximum allowance)			
Item	Output in MBH (thousand BTU per hour)		
	0-2,000 MBH	2,000-6,000 MBH	>6,000 MBH
Boiler-burner ¹⁵	\$1,500+16.50/MBH	20,000+7.25/MBH	47,600+2.65/MBH
Burner ¹⁵	\$500+4.75/MBH	6,000+2.00/MBH	8,300+1.65/MBH
Boiler (existing burner)	\$1,000+11.75/MBH	14,000+5.25/MBH	39,300+1.00/MBH

Domestic Hot Water Heater Table
(maximum allowance)

<u>Input in MBH</u>	<u>Allowance</u>
0 - 600	\$460 + 9.10/MBH
>600	\$1,900 + 6.70/MBH

Oil Tank Table
(maximum allowance)

<u>Size in Gallons</u>	<u>Allowance</u>
0 - 4,000	\$500 + 1.10/gal.
> 4,000	2,900 + .50/gal.

Asbestos Abatement Table
(maximum allowance)

<u>Removal Units</u>	<u>Allowance</u>
Linear Feet	1,600 + \$10/lin ft.
Square Feet	1,600 + \$10/sq.ft.

* Denotes Major Capital Improvement (MCI).

** Denotes Energy Conversation Items which shall also be considered Major Capital Improvements.

Denotes that the item allowance may be reduced by proportion of non-residential space where the item serves both residential and non-residential space. (Items wholly within or serving the non-residential space receive no allowance.)

Foot Note #1. For (1) removal or encapsulation of any friable asbestos when done as part of a Substantial Rehabilitation requiring an alteration permit, or (2) for removal of asbestos Thermal System Insulation (TSI) on other rehabilitation or (3) for removal of other friable asbestos (and not roofing, siding or flooring) pursuant to a report from a certified asbestos inspector describing condition, quantity and location of asbestos containing materials to be removed including microscopic analysis. TSI shall mean insulation applied to heating, ventilation or air conditioning systems, hot or cold domestic water systems for the purpose of preventing heat transfer or water condensation. TSI shall include insulation on boilers, water tanks, air handling equipment and ducts, piping, pipe fitting or valves.

Foot Note #2. For bathroom with ceramic tile floor and full tile wainscot. Maximum of one per apartment unless the apartment has two or more bedrooms. This item is eligible as an MCI if new water main, riser, and branch piping is installed throughout and if new ceramic tile and at least two new bathroom fixtures are installed in at least 90 percent of the bathrooms.

Foot Note #3. This item requires an affidavit from an engineer or architect certifying that he has personal knowledge of the installation and that the quantity claimed was installed. It also requires site photographs or other evidence satisfactory to HPD documenting the installation of the item.

Foot Note #4. This item includes inner walkways, courtyards, cellar slabs and public sidewalks.

Foot Note #5. Requires NYC Dept. of Health order and approved contract.

Foot Note #6. For substantial alterations and conversions only. The maximum quantity for this item is the number of new rooms created in the space where the demolition was done.

Foot Note #7. Not eligible if brickwork is covered by cement wash or other coating.

Foot Note #8. For skylights over 16 sq. ft. The maximum allowance for eligible skylights under 16 sq. ft. shall be 50 percent of allowance listed.

Foot Note #9. Not eligible without new or existing storm window.

Foot Note #10. Plus all other applicable partial elevator items listed.

Foot Note #11. For buildings over eight stories the approved quantity shall be equal to the actual quantity increased by 10 percent for each floor over eight.

Foot Note #12. Maximum of one per apartment unless the apartment has two or more bedrooms. This item is eligible as an MCI if new water main, riser, and branch piping is installed

throughout and if new ceramic tile and at least two new bathroom fixtures are installed in at least 90 percent of the bathrooms.

Foot Note #13. Maximum of one per apartment.

Foot Note #14. For water service 2½" in diameter or greater the approved length shall be equal to one and one-half times the actual installed length.

Foot Note #15. Oil, gas, or combination burner.

Foot Note #16. If a submetering installation is performed, a rent decrease is required in all dwelling units as per DHCR procedures. The submetering must also result in a building-wide submetering for all individual dwelling units.

Foot Note #17. The eligible length cannot exceed 8 feet in any apartment.

Foot Note #18. The "Adequate Wiring" MCI as set forth in the prior Rules has been divided into its components which consist of "Apartment Wiring Only", adequate, and "Service of equipment and risers."

Foot Note #19. Cogeneration requires an affidavit from an architect or engineer certifying that conversion of an existing cogeneration system whose engines use *natural gas* as the primary fuel. In addition, the waste heat from the cogeneration unit *must* be used for heating domestic hot water or for space heating/cooling of residential units.

APPENDIX B

NEIGHBORHOOD PRESERVATION PROGRAM AREAS

AREAS IN THE COUNTY OF BRONX:

MOTT HAVEN: The area bounded by East 159th Street; Third Avenue; East 161st Street; Prospect Avenue; East 149th Street; Jackson Avenue; Bruckner Expressway; Major Deegan Expressway; Morris Avenue; East 149th Street and Park Avenue.

ALDUS GREEN: The area bounded by East 169th Street; East 167th Street; Westchester Avenue; Sheridan Expressway; Longfellow Avenue; Randall Avenue; Tiffany Street; Longwood Avenue; Bruckner Expressway; East 149th Street; and, Prospect Avenue.

MORRISANIA: The area bounded by Cross Bronx Expressway; Park Avenue; East 174th Street; Washington Avenue; Cross Bronx Expressway; Arthur Avenue; Crotona Park North; Waterloo Place; East 175th Street; Southern Boulevard; Cross Bronx Expressway; Sheridan Expressway; East 167th Street; East 169th Street; Prospect Avenue; East 161st Street; Third Avenue; East 159th Street; Park Avenue; and, Webster Avenue.

HIGHBRIDGE-CONCOURSE: The area bounded by Washington Bridge Cross Bronx Expressway; Webster Avenue; Park Avenue; East 149th Street; and, the Harlem River.

WEST TREMONT: The area bounded by West Fordham Road; East Fordham Road; Webster Avenue; Cross Bronx Expressway; George Washington Bridge; and, the Harlem River.

BELMONT-BRONX PARK SOUTH: The area bounded by Southern Boulevard; Bronx Park South; Boston Road; East 180th Street; Bronx River Parkway; Cross Bronx Expressway; Crotona Parkway; East 175th Street; Waterloo Place; Crotona Park North; Arthur Avenue; Cross Bronx Expressway; Washington Avenue; East 174th Street; Park Avenue; Cross Bronx Expressway; and, Webster Avenue.

KINGSBRIDGE: The area bounded by Van Cortlandt Park South; West Gun Hill Road; Jerome Avenue; Bainbridge Avenue; East 211th Street and its prolongation; Conrail right of way; Bedford Park Boulevard; Webster Avenue; East Fordham Road; West Fordham Road; the Harlem River; Marble Hill Avenue; West 230th Street; Riverdale Avenue; Greystone Avenue; Waldo Avenue; Manhattan College Parkway; and, Broadway.

SOUND VIEW: The area bounded by the Cross Bronx Expressway; Bronx River Parkway; East Tremont Avenue; White Plains Road; Randall Avenue; Olmstead

Avenue; Lacombe Avenue; Westchester Creek; East River; Bronx River; Westchester Avenue; and, Sheridan Expressway.

PELHAM PARKWAY: The area bounded by Adee Avenue; Mathews Avenue; Williamsbridge Road; Pelham Parkway South; Yates Avenue; Lydig Avenue; Williamsbridge Road; Neil Avenue; Bogart Avenue; East Tremont Avenue; Bronx River Parkway; and, Bronx Park East.

AREAS IN THE COUNTY OF KINGS (BROOKLYN):

WILLIAMSBURG: The area bounded by Metropolitan Avenue; Union Avenue; Conselyea Street; Wood Point Road; Frost Street; Morgan Avenue; Meserole Street; Bushwick Avenue; Flushing Avenue; Union Avenue; Division Avenue; and, the East River.

BEDFORD-STUYVESANT: The area bounded by Myrtle Avenue; Broadway; Ralph Avenue; Atlantic Avenue; and, Nostrand Avenue.

BUSHWICK: The area bounded by Flushing Avenue; Cypress Avenue; Menahan Street; St. Nicholas Avenue; Gates Avenue; Wyckoff Avenue; Eldert Street; Irving Avenue; Chauncey Street; Central Avenue; property line of the Cemetery of the Evergreens; Conway Street; and, Broadway.

EAST-NEW YORK: The area bounded by Jamaica Avenue; Elderts Lane; Atlantic Avenue; Fountain Avenue; New Lots Avenue; and, Sheff~field Avenue.

SOUTH BROOKLYN (A): The area bounded by The Buttermilk Channel; Congress Street; Hicks Street; Hamilton-Gowanus Parkway; the Gowanus Canal; and, the Gowanus Bay.

SOUTH BROOKLYN (B): The area bounded by Fourth Avenue; Pacific Street; Flatbush Avenue; Sixth Avenue; and, 15th Street.

SUNSET PARK: The area bounded by the Upper New York Bay; the Gowanus Bay; 15th Street; Prospect Park S.W.; Coney Island Avenue; Caton Avenue; Fort Hamilton Parkway; 37th Street; Eighth Avenue; Long Island Railroad right of way; Gowanus Expressway; 64th Street; Shore Parkway; and, the Long Island Railroad right of way.

CROWN HEIGHTS: The area bounded by Pacific Street; Vanderbilt Avenue; Atlantic Avenue; Ralph Avenue; East New York Avenue; Utica Avenue; Winthrop Street; Flatbush Avenue; Parkside Avenue; Ocean Avenue; Empire Boulevard; Washington Avenue; Eastern Parkway; Grand Army Plaza; and, Flatbush Avenue.

CONEY ISLAND: The area bounded by the Coney Island Creek; Stillwell Avenue; the Boardwalk West; and, West 37th Street.

FLATBUSH: The area bounded by Parkside Avenue; Flatbush Avenue; Winthrop Street; New York Avenue; Clarendon Road; East 31st Street; Newkirk Avenue; Nostrand Avenue; Foster Avenue; New York Avenue; Avenue H; Flatbush Avenue; Avenue K; and, Coney Island Avenue.

EAST FLATBUSH: The area bounded by Clarkson Avenue; Utica Avenue; East New York Avenue; East 98th Street; Church Avenue; Ralph Avenue; Clarendon Road; and, New York Avenue.

BROWNSVILLE: The area bounded by Broadway; Rockaway Avenue; Atlantic Avenue; East New York Avenue; Christopher Avenue; Glenmore Avenue; Powell Street; Sutter Avenue; Van Sinderen Avenue; Dumont Avenue; Junius Street; Livonia Avenue; Stone Avenue; Linden Boulevard; Rockaway Avenue; Hegeman Avenue; Hopkinson Avenue; Riverdale Avenue; East 98th Street; East New York Avenue; Ralph Avenue; Atlantic Avenue; and, Saratoga Avenue.

AREAS IN THE COUNTY OF NEW YORK (MANHATTAN):

LOWER EAST SIDE: The area bounded by East 14th Street; the East River; Delancey Street; Chrystie Street; East Houston Street; and, Avenue A.

MANHATTAN VALLEY: The area bounded by Cathedral Parkway (West 110th Street); Central Park West; West 100th Street; and, Broadway.

EAST HARLEM: The area bounded by East 142nd Street; the Harlem River; East 96th Street; and, Fifth Avenue.

CENTRAL HARLEM: The area bounded by West 145th Street; the Harlem River; Fifth Avenue; Cathedral Parkway (West 110th Street); Morningside Avenue; West 123rd Street; St. Nicholas Avenue; West 141st Street; and, Bradhurst Avenue.

HAMILTON HEIGHTS: The area bounded by West 155th Street; Bradhurst Avenue; West 141st Street; Convent Avenue; West 140th Street; Amsterdam Avenue; West 133rd Street; and, Riverside Drive.

WASHINGTON HEIGHTS: The area bounded by the Harlem River; Teunissen Place; West 230th Street; Marble Hill Lane; the Harlem River; West 155th Street; and, the Hudson River.

AREAS IN THE COUNTY OF QUEENS:

HALLETS POINTS: The area bounded by the East River-East Channel, Halletts Cove and Pot Cove; Hoyt Avenue South; 21st Street; 31st Avenue; Vernon Boulevard; and, 35th Avenue.

JACKSON HEIGHTS-CORONA-EAST ELMHURST: The area bounded by Grand Central Parkway; Long Island Railroad right of way; 110th Street; Corona Avenue; Long Island Expressway; Junction Boulevard; Roosevelt Avenue; and, Brooklyn-Queens Expressway East.

RIDGEWOOD: The area bounded by Grand Avenue; Rust Street; 59th Drive; 60th Street; Bleecker Street; Forest Avenue; Myrtle Avenue; the Long Island Railroad right of way; and, Queens-Brooklyn boundary line.

JAMAICA SOUTH: The area bounded by the Long Island Railroad right of way; New York Boulevard; Southern Parkway (Sunrise Highway) and, Van Wyck Expressway.

FAR ROCKAWAY: The area bounded by the Jamaica Bay-Mott Basin; Queens-Nassau boundary line; Far Rockaway Beach; Beach 32nd Street; and, Norton Drive.

AREAS IN THE COUNTY OF RICHMOND (STATEN ISLAND):

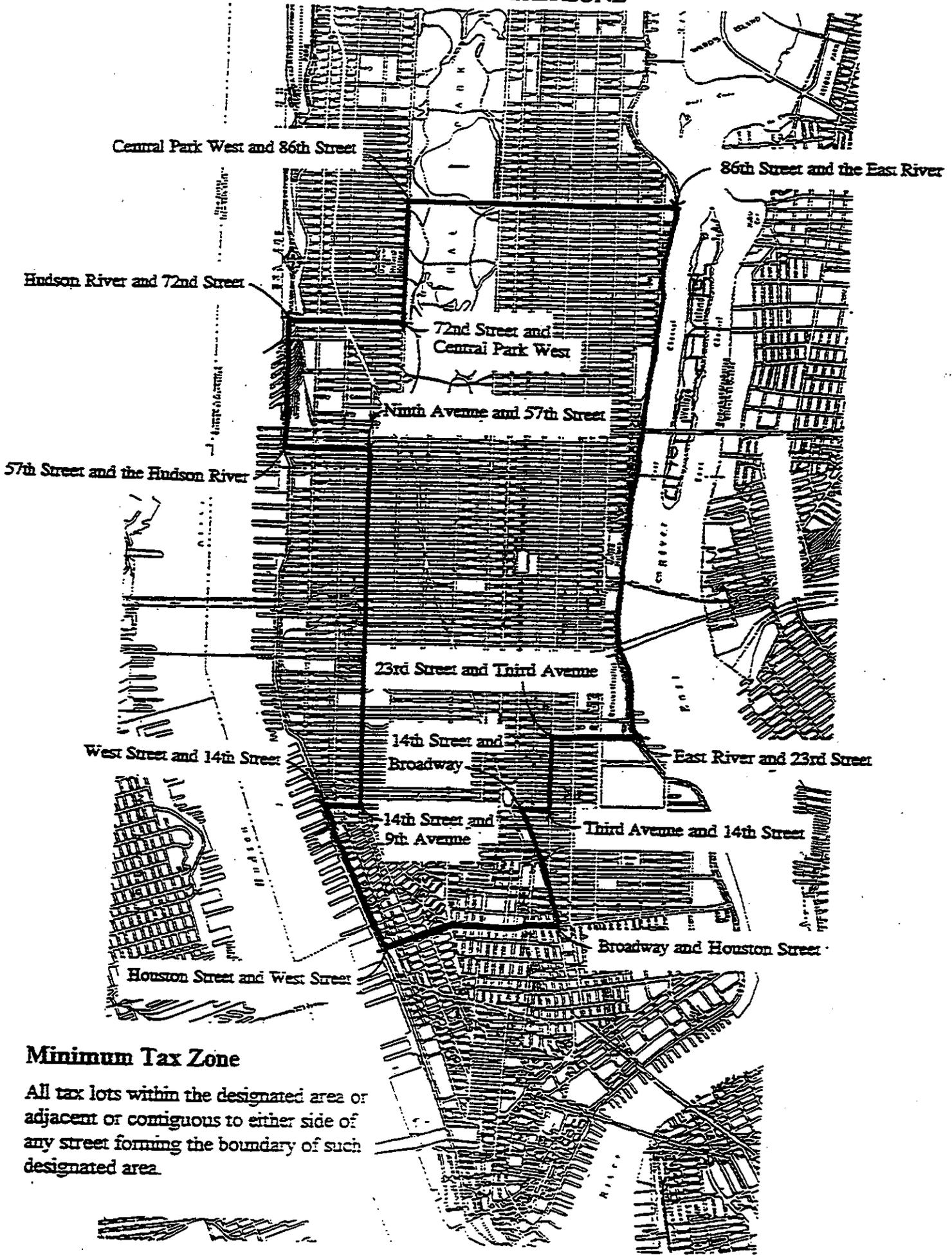
PORT RICHMOND: The area bounded by the Kill Van Kull; Jewett Avenue and its prolongation; Forest Avenue; and, the Willow Brook Expressway.

NEW BRIGHTON: The area bounded by the Kill Van Kull; Westervelt Avenue; Brook Street; Castleton Avenue; and, North Randall Avenue and its prolongation.

STAPLETON: The area bounded by Victory Boulevard; the Upper New York Bay; Vanderbilt Avenue; Van Duzer Street; Cebra Avenue; and, St. Pauls Avenue.

FOX HILLS: The area bounded by Vandervilt Avenue; the Upper New York Bay; the Staten Island Rapid Transit Railway right of way; and, the Staten Island Expressway.

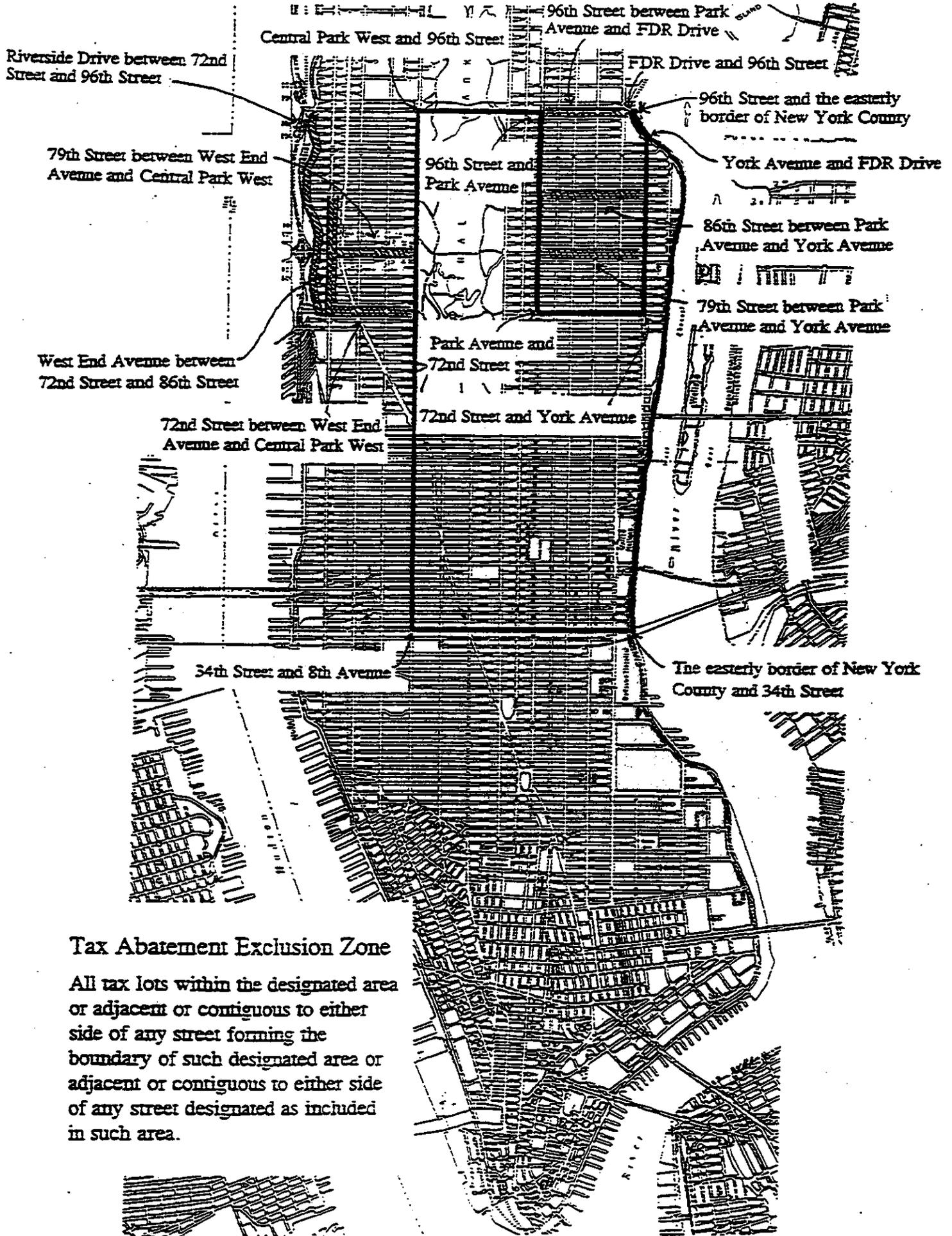
APPENDIX C
MINIMUM TAX ZONE



Minimum Tax Zone

All tax lots within the designated area or adjacent or contiguous to either side of any street forming the boundary of such designated area.

TAX ABATEMENT EXCLUSION ZONE



Tax Abatement Exclusion Zone

All tax lots within the designated area or adjacent or contiguous to either side of any street forming the boundary of such designated area or adjacent or contiguous to either side of any street designated as included in such area.

APPENDIX E

SAMPLE J-51 ANALYSIS FOR TWO PROPERTIES

Property 1: Property 1 is a 313-unit cooperative on Sedgwick Avenue in the Bronx which has replaced all of the elevators in its housing complex. Elevator replacements cost the cooperative \$225,000, financed with a private loan. This improvement is known as a major capital improvement (MCI), which is eligible for standard J-51 benefits.

Property 2: Property 2 is a 7-unit governmentally financed substantial rehabilitation project on Washington Avenue in the Bronx. The rehabilitation cost \$432,000 and as a governmentally financed substantial rehabilitation of a formerly City-owned building, it is eligible for enriched J-51 benefits.

	<u>PROPERTY 1</u>	<u>PROPERTY 2</u>
Pre-Improvement Assessed Value	4,225,500	75,000
Post-Improvement Assessed Value	4,225,500	275,000
J-51 Exemption Amount ¹	0	200,000
Annual Taxes (based on 11% tax rate)	\$464,805	\$8,250
Total J-51 Abatement Awarded (CRC) ²	\$175,000 (Standard)	\$160,000 (Enriched)
Annual Abatement Benefit	\$14,233	\$20,000
Actual Tax Bill after J-51 Benefit	\$450,572	\$0

¹ Note that a property owner only receives the J-51 *tax exemption* in cases where the assessed value rises as a result of the property improvement. In the case of elevator modernization, it is unlikely that the Department of Finance would increase the property value for such work.

² Property 1 will receive a standard annual abatement of 8.33% of the CRC, which could be used each year against property taxes. The maximum abatement amount would be 90% of the CRC, which is \$157,500. Property 2 will receive an enriched annual abatement of 12.5% of the CRC, which could be used each year against property taxes. The maximum abatement amount would be 150% of the CRC, which is \$240,000, but never more than the actual cost of the rehabilitation work, which in Property 2 is \$432,000.



EXECUTIVE OFFICES
60 HUDSON STREET, NEW YORK, NY 10013-3394

PATRICIA J. LANCASTER, AIA, Commissioner
(646) 248-8000, TTY: (646) 248-8188

Website: NYC.gov/buildings

May 29, 2002

RE: Upcoming Department of Buildings
Relocation to 280 Broadway
New York, NY 10007

TO WHOM IT MAY CONCERN:

The long-awaited renovation of the Sun Building at 280 Broadway is nearly complete and DOB's Manhattan-based offices will soon be settled in this historic building.

We expect to move in phases, over a four-weekend period beginning mid-July. At the end of June, I will let you know the exact dates for each phase and the affected DOB units. In addition, our Administrative Enforcement Unit (AEU), presently based in Brooklyn, will be joining us at 280 Broadway. Certificates of Correction should be directed to that address.

Here are three important telephone numbers for our new offices:

Department of Buildings main number:
(212) 566-5000/TTY (212) 566-4769

DOB's Call Center/AEU Customer Service:
(212) 227-7000

AEU Fax:
212-566-5850

Please share this preliminary information with your organization's members, and suggest that they consult our website at NYC.gov/buildings for updates on the status of the Department's relocation.

We look forward to serving you better in our new home.

"Ensuring a Safe Foundation"

GETTING ANSWERS TO YOUR HOUSING QUESTIONS

■ FOR PRIVATELY-OWNED BUILDINGS

Borough Anti-Abandonment Offices

Bronx	(718) 617-7856
Brooklyn	(718) 398-7606
All other boroughs	(212) 863-5400

Central Complaint Bureau

TTY (for speech/hearing-impaired)	(212) 316-8295
Housing Education Program	(212) 863-8830
Mitchell-Lama Management	(212) 863-6500
Mitchell-Lama SCRIE	(212) 863-8494
All Other SCRIE	(212) 442-1000

Neighborhood Planning Offices

Central Brooklyn	(718) 398-7504
Northern Brooklyn	(718) 386-5300
South and East Brooklyn	(212) 863-7945
Bronx	(718) 617-7800
Queens/Staten Island	(718) 739-1054
Manhattan	(212) 316-8032

Property Registration

(212) 863-7000

Rehabilitation Loans For Existing Owners:

Multi-family (PLP)	(212) 863-6395
Multi-family (8A)	(212) 863-6412
Small Homes	(212) 863-5626

Senior Help Program

(212) 863-5626

Section 8 (HPD-assisted developments only)

(212) 863-6854

All Other Section 8 (NYCHA)

(212) 306-3000

7A Management & Financial Assistance

(212) 863-8834

Tax Incentive Information:

J-51	(212) 863-5517
421-a and 421-b	(212) 863-5421
420-c and 421-g	(212) 863-5185
420a	(212) 863-5108

■ J-51 TAX EXEMPTION/TAX ABATEMENT PROGRAM

The program issues a Certificate of Eligibility granting an abatement equal to a portion of the Certified Reasonable Cost of all eligible items of work to reduce taxes on the building and/or land. Certain improvements also qualify for an exemption from any increased assessed valuation that might be attributed to the work. Conversions of non-residential buildings and governmentally-assisted rehabilitation of single-family homes may also be eligible for benefits. Owners interested in the J-51 Program can call (212) 863-5517 for more information.

■ 421-A PARTIAL TAX EXEMPTION PROGRAM

The 421-a Partial Tax Exemption Program encourages the construction of Class A multiple dwellings by providing 10, 15, 20, or 25 years of partial tax exemption from property taxes on the assessed value of the new building. The site on which the new building is constructed must have been vacant, underutilized or functionally obsolete three years prior to construction. Buildings between 14th and 96th Streets in Manhattan are ineligible unless one or more of the following conditions are met: the owner participates in the 421-a Affordable Housing Program (described below); the construction is carried out with substantial government assistance; and/or at least 20 percent of the units in the project are affordable to low- and moderate-income families. Homeowners or developers can call (212) 863-5100 for more information.

■ 421-A AFFORDABLE HOUSING PROGRAM

The 421-a Affordable Housing Program offers developers a partial tax exemption for buildings south of 96th Street in Manhattan or in return for the construction of affordable housing anywhere in the City. The construction of the affordable housing is financed by the use or sale of 421-a Negotiable Certificates. Developers interested in the 421-a Affordable Housing Program can call (212) 863-5184 for more information.

■ 421-B PARTIAL TAX EXEMPTION PROGRAM

The 421-b Partial Tax Exemption Program grants partial real estate tax exemptions for the new construction of owner-occupied one- and two-family houses or the rehabilitation of such buildings where the rehabilitation cost equals at least 40 percent of the pre-construction assessed value. Homeowners or developers can call (212) 863-5886 for more information.

■ 421-G TAX EXEMPTION AND ABATEMENT PROGRAM

The 421-g Tax Exemption and Abatement Program grants tax abatements and exemptions for the conversion of commercial buildings located south of Murray and Frankfort Streets in lower Manhattan to residential or mixed (commercial and residential) use. In general, benefits consist of a 12-year tax exemption and a 14-year tax abatement, both declining by 20 percent in their last four years. Developers interested in the 421-g Program can call (212) 863-5185 for more information.

■ 420-C TAX EXEMPTION PROGRAM

The 420-c Tax Exemption Program provides an up to 30-year real estate tax exemption for the new construction or rehabilitation of buildings occupied by persons of low income that are owned or controlled by non-profit Housing Development Fund Corporations. To be eligible, applicants must have received a loan from the City or State government and be participants in the Federal Low Income Housing Tax Credit Program. Developers interested in the 420-c Program can call (212) 863-5185 for more information.

■ URBAN DEVELOPMENT ACTION AREA PROJECTS

Urban Development Action Area Projects (UDAAP) developed on formerly City-owned property, including properties that were transferred to a third party through Local Law 37, can receive certain property tax exemptions. The City Council may approve up to twenty years of exemption (phased out over the last ten years) for the buildings in any UDAAP project. The exemption does not, however, affect taxes on land value. Developers wanting more information on UDAAP tax exemptions can call (212) 863-5108

■ INCLUSIONARY HOUSING PROGRAM

The Inclusionary Housing Program offers developers the right to an increase in the buildable floor area allowed under the Zoning Resolution in exchange for the creation of affordable housing through new construction or rehabilitation. The floor area bonus may only be used in zoning districts labeled as R10 (or its zoning equivalent). Though not a tax incentive program, the program is administered by the Tax Incentive Programs Unit. Information about the Inclusionary Housing Program is available by calling (212) 863-5184

SUPPORTIVE HOUSING PROGRAMS

■ PERMANENT HOUSING FOR HOMELESS FAMILIES PROGRAM

Under the Permanent Housing for Homeless Families Program (often called the "85/85" Program), New York State funds matched by an equal amount of City funds support the acquisition, rehabilitation or new construction of permanent housing for homeless and other low-income families. In this joint effort, the New York State Housing Finance Agency (HFA) is responsible for selecting the developers and overseeing the construction. The City, represented by HPD, identifies sites, selects not-for-profit owners and refers homeless families from the City's shelter system for apartments. The projects are rented to a mix of 51 percent homeless and 49 percent low-income families once the buildings are turned over to the not-for-profit owner. Social services are provided on site by the organization. Available apartments are advertised in the newspaper and listed on HPD's Affordable Housing Hotline: (212) 863-5610 (English) or (212) 863-5620 (Spanish/Espanol). For more information about the program, call (212) 863-6469.

OTHER GOVERNMENT HOUSING AND HOUSING-RELATED AGENCIES

STATE ATTORNEY GENERAL

(Information on rights and obligations of landlords, tenants and real estate brokers)

Information and Complaint Line: 1-800-771-7755

NEW YORK CITY DEPARTMENT OF FINANCE - PROPERTY DIVISION

(For information on property tax issues and ownership information)

Bronx 1932 Arthur Avenue

Assessor-in-Charge (718) 579-6879
 Deputy City Register (718) 579-6828
 Deputy City Collector (718) 935-9500

Brooklyn 210 Loralemon Street

Assessor-in-Charge (718) 802-3560
 Deputy City Register (718) 802-3588
 Deputy City Collector (718) 935-9500

Manhattan

Assessment Office Rm. 912, Municipal Bldg (212) 374-8407
 City Register 31 Chambers Street (212) 788-8514
 City Collector (212) 361-7660

Queens 90-25 Sutphin Blvd.

Assessor-in-Charge (718) 658-4608
 Deputy City Register (718) 658-4604
 Deputy City Collector (718) 935-9500

Staten Island

Assessor-in-Charge ... 350 St. Marks Place (718) 390-5295
 City Register 18 Richmond Terrace (718) 390-5396
 Deputy City Collector . 350 St. Marks Place (718) 935-9500

DIVISION OF REAL ESTATE SERVICES/

NYC DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES

(Information regarding City-owned commercial and industrial buildings and vacant land)

Lease Information (212) 442-0387
 Redemption Information (212) 669-7189
 Auction Sales/Brochures and Subscriptions (212) 669-7150

OTHER GOVERNMENT HOUSING AND HOUSING-RELATED AGENCIES

STATE DIVISION OF HOUSING AND COMMUNITY RENEWAL (DHCR)
(Information on on rent and services for rent controlled and rent stabilized apartments)

Rent Information Line		(718) 739-6400
<u>Borough Rent Administration Offices:</u>		
Bronx	1 Fordham Plaza, 2nd Floor	(718) 563-5678
Brooklyn	55 Hanson Place	(718) 722-4778
Manhattan, Lower	25 Beaver Street	(212) 480-6700
	<i>(south side of 110th Street and below)</i>	
Manhattan, Upper	163 West 125 Street	(212) 961-8938
	<i>(north side of 110th Street and above)</i>	
Queens	92-31 Union Hall Street	(718) 739-6400
Staten Island	60 Bay Street	(718) 816-0278

HOUSING COURTS

Bronx	851 Grand Concourse	(718) 590-3670
Brooklyn	141 Livingston Street	(718) 643-3665
Manhattan	111 Centre Street	(212) 374-8407
Queens	89-17 Sutphin Boulevard	(718) 520-3614
Staten Island	927 Castleton Avenue	(718) 390-5420

HOUSING DEVELOPMENT CORP. (HDC)

(212) 344-8080

HOUSING & URBAN DEVELOPMENT (HUD)

(212) 264-8000

NYC HOUSING AUTHORITY (NYCHA)

(212) 306-3000

DEPARTMENT OF BUILDINGS *		(212) 566-5000
Manhattan	280 Broadway	(212) 227-7000
Bronx	932 Arthur Avenue	(718) 579-6906
Brooklyn	Municipal Building, 8th Fl.	(718) 802-3681
Queens	126-06 Queens Blvd.	(718) 520-3402
Staten Island	Borough Hall	(718) 816-2211
Elevators	280 Broadway	(212) 227-7000
Electrical Control Board	1 Centre Street, 23rd Fl.	(212) 669-8353
Master Plumber License Board	280 Broadway	(212) 227-7000
Boiler Division	280 Broadway	(212) 227-7000
Night Emergency (Citywide) ...	280 Broadway	(212) 227-7000
		(212) 566-5000

*Please refer to the May 29, '02 letter found in this J-51 Guidebook.