

Affordable Housing Commercial Conversion

467-m

www.mretax.com



METROPOLITAN
Realty Exemptions



467-m Affordable Housing Commercial Conversions Tax Incentive ("AHCC")

The Budget Legislation has established the Affordable Housing Conversion Tax Incentive (AHCC) program.

This initiative offers property tax exemptions for 25, 30, or 35 years for buildings previously utilized for non-residential purposes, now converted into qualifying residential dwellings, adhering to specified construction and affordability benchmarks.

Conversions eligible for the AHCC program benefits must initiate construction from December 31, 2022, or By June 30, 2031, and achieve completion by December 31, 2039.

i Definition of Non-Residential Buildings:

A non-residential building under this program is defined as a structure (excluding hotels and class B multiple dwellings) that includes at least one floor, a roof, and a minimum of three walls that enclose the majority of the space.

Such buildings must predominantly (at least 90%) be used for commercial, manufacturing, or other non-residential purposes, as evidenced by a certificate of occupancy or other proof acceptable to the Department of Housing Preservation and Development (HPD).



Multiple dwellings that qualify for the AHCC must meet the following criteria:

- ✓ Include at least six residential rental units.
- ✓ Allocate at least 25% of the units to permanent affordable housing.
- ✓ The weighted average of affordability can not exceed 80% of AMI, with a minimum of 5% of units for households earning no more than 40% of the Area Median Income (AMI).
- ✓ Implement no more than three income bands, with none exceeding 100% of AMI.
- ✓ Prevailing wages are required for buildings with 30+ units

Special Provisions for Manhattan:

Projects located in the Manhattan Prime Development Area, specifically south of 96th Street, receive enhanced benefits under the AHCC. Moreover, projects that begin earlier within the designated timeframe may qualify for extended durations of benefits.



This rendition aims to provide a clearer and more detailed explanation of the AHCC program's guidelines and legal implications, distinct from the source material while retaining all pertinent details.





METROPOLITAN
Realty Exemptions

35 Year Benefit*:

- Must Commence on or before June 30, 2026 -

Benefit Year	Tax Savings <u>inside</u> Manhattan Prime Development Area	Tax Savings <u>outside</u> Manhattan Prime Development Area
Construction Period	100%	100%
<u>Years 1-30</u>	90%	65%
Years 31	80%	50%
Years 32	70%	40%
Years 33	60%	30%
Years 34	50%	20%
Years 35	40%	10%

30 Year Benefit*:

- Must Commence on or before June 30, 2028 -

Benefit Year	Tax Savings <u>inside</u> Manhattan Prime Development Area	Tax Savings <u>outside</u> Manhattan Prime Development Area
Construction Period	100%	100%
<u>Years 1-25</u>	90%	65%
Years 31	80%	50%
Years 32	70%	40%
Years 33	60%	30%
Years 34	50%	20%
Years 35	40%	10%

*For the duration of the benefit period, there will be a liability equal to the base AV.



METROPOLITAN
Realty Exemptions

25 Year Benefit*:

- Must Commence on or before June 30, 2031 -

Benefit Year	Tax Savings <u>inside</u> Manhattan Prime Development Area	Tax Savings <u>outside</u> Manhattan Prime Development Area
Construction Period	100%	100%
<u>Years 1-20</u>	90%	65%
Years 31	80%	50%
Years 32	70%	40%
Years 33	60%	30%
Years 34	50%	20%
Years 35	40%	10%

*For the duration of the benefit period, there will be a liability equal to the base AV.