

Practice Update

Section 421-a (16) Sunset Date Approaching

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As the June 15, 2022 sunset date is quickly approaching, many developers are hoping to qualify their development projects for real estate tax benefits under the Affordable New York Housing Program (Real Property Tax Law § 421-a(16)).

Section 421-a (16) is an as-of-right, partial real estate tax exemption program that can result in tax benefits for rental projects for a period of up to three years during construction and up to 35 years post-construction provided that a certain percentage of the project's dwelling units are restricted as affordable units. In addition, there is an option that applies to homeownership projects for which eligible projects can receive benefits for a period of up to three years of construction and up to 20 years post construction.

To be eligible under § 421-a (16), the project must commence construction **on or before June 15, 2022**, and such project must complete construction on or before June 15, 2026. The § 421-a statute defines commencement date for a new project as “the date upon which excavation and construction of initial footings and foundations lawfully begins in good faith.”

The standard of commencement has evolved since previous versions of the program, therefore we

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would strongly recommend that developers contact us before proceeding with plans that they believe will comply with § 421-a (16) commencement requirements. For more information on how the sunset date and commencement date requirements may affect your specific project, please contact Jessica Goldstein at jessica.goldstein@akerman.com or Joshua Rinesmith at joshua.rinesmith@akerman.com.

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