



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE

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February 8, 2008

Ms. Chloe Tribich
Lead Organizer
Housing Here and Now

Dear Ms. Tribich:

This letter is in response to your request for information on the number of rental units scheduled to leave the 421a tax exemption program.

The 421a tax exemption program grants tax exemptions to the increases in property value that result from new construction. Under the original law established in 1971, units could be exempt for 10, 15, 20, or 25 years, depending on the location and affordability. The program, as it was originally created, had two goals; to increase production of housing overall and to provide some housing that is affordable to low and moderate income New Yorkers.

Properties that receive the 421a exemption, whether they start as market rate or affordable, remain under rent-stabilization rules while receiving the exemption. So even if a property starts as market rate, the rent can only increase at rates set by the Rent Guidelines Board. Once the exemption expires, units that began as market rate can increase their rents to current market rates when leases are up for renewal. Affordable units can increase to market rate only upon vacancy following the expiration of 421a tax exemptions.

There will be 4,501 rental units leaving the 421a tax exemption program by the end of fiscal year 2012. Of those, most of the units are in Manhattan (3,503), followed by Brooklyn (514), Queens (325), the Bronx, (133) and Staten Island (26).

The table on the following page shows the number of rental units by borough whose exemption will expire for fiscal years 2008-2012. Also attached are two tables that show these figures in more detail; the first table shows the units by Borough and Community District and the second table shows it by Borough and Council District.

Expiring 421a Exemptions by Fiscal Year						
<i>Number of Units</i>						
	2008	2009	2010	2011	2012	Grand Total
Brooklyn	122	66	82	141	103	514
Bronx	40	43	16	3	31	133
Manhattan	1,093	399	85	842	1,084	3,503
Queens	71	15	106	49	84	325
Staten Island	13				13	26
Grand Total	1,339	523	289	1,035	1,315	4,501
Source: IBO, Department of Finance						
NOTE: Exemptions expire at year end.						

I hope this information is useful to you. I hope you will feel free to call me directly should you have any further questions on this or other topics.

Sincerely,

Brendan Cheney
Budget and Policy Analyst (Housing and Homeless Issues)

Attachments as noted

Cc: Preston Niblack

Properties Entering Their Last Year of 421a Exemption						
<i>Number of Units</i>						
Community District	2008	2009	2010	2011	2012	Total
Brooklyn						
301			3	7	6	16
310	20	15	9	34	20	98
311	47	27	42	39	50	205
312	19	18	16	40	9	102
313	3			6		9
314	12			9	6	27
315	21	6	12	6	12	57
Subtotal, Brooklyn	122	66	82	141	103	514
Bronx						
210	16	36		3	3	58
211		4	6		6	16
212	24	3	10		22	59
Subtotal, Bronx	40	43	16	3	31	133
Manhattan						
101	563			155	156	874
103	8	191	85	44	83	411
105				397	293	690
106		208			97	305
107					455	455
108				246		246
111	522					522
Subtotal, Manhattan	1,093	399	85	842	1,084	3,503
Queens						
401	28		15	12	5	60
402	8		24	3	24	59
405	12		4			16
406	23	15	57	13	25	133
407			6			6
408					6	6
409					3	3
411				21	21	42
Subtotal, Queens	71	15	106	49	84	325
Staten Island						
501	8					8
502	5					5
503					13	13
Subtotal Staten Island	13	0	0	0	13	26
Grand Total	1,339	523	289	1,035	1,315	4,501
Source: IBO, Department of Finance						
NOTE: Exemptions expire at year end.						

Expiring 421a Exemptions, by Council District						
<i>Number of Units</i>						
Council District	2008	2009	2010	2011	2012	Total
1	571			155	239	965
2		399	85	44		528
3				397	293	690
4					97	97
5				246		246
6					455	455
8	522					522
11	3		3			6
12	21	3	13		28	65
13	16	40		3	3	62
19				21	21	42
20			6			6
22	22		15	6		43
24	15				6	21
26	26		24	9	29	88
29	8	15	57	13	28	121
30			4			4
33			3	7	6	16
38	10					10
39	3	6	3	28	6	46
43	32	21	9	40	41	143
44	30	21	13	12	3	79
47	17	18	21	33	21	110
48	24		12	15	18	69
49	8					8
50	11		21	6	8	46
51					13	13
Total	1,339	523	289	1,035	1,315	4,501
Source: IBO, Department of Finance						
NOTE: Exemptions expire at year end.						