



Instructions for Form RP-457

Application for Real Property Tax Exemption for First-Time Homebuyers of Newly Constructed Homes (Real Property Tax Law, Section 457)

Authorization for exemption

Section 457 of the Real Property Tax Law authorizes a partial exemption from real property taxation for “newly constructed homes” purchased by “first-time homebuyers.” Counties, cities, towns, and villages may hold public hearings and then adopt local laws granting the exemption. School districts, other than those in the cities of New York, Buffalo, Rochester, Syracuse, and Yonkers, have the option to hold hearings and pass resolutions providing that the exemption applies to school taxes.

Eligibility for exemption

For purposes of this exemption, a “first-time homebuyer” is any person who has not owned - and whose spouse has not owned - a primary residential property during the previous three years, and who does not own a vacation or investment home. A qualifying “newly constructed home” is a one- or two-family residence, townhouse, or condominium, which was constructed after November 28, 2001, is owner-occupied, and was not previously occupied. The exemption also applies to a renovation or remodeling of an existing home purchased by a first-time homebuyer, provided the renovation or remodeling costs exceed \$3,000 and the contract for the work is contracted for within 90 days from the date of purchase.

Eligibility for the exemption also depends, in part, on the homebuyer's income and the purchase price of the home. The “household income” (defined as the total combined incomes of all of the owners and their resident spouses) may not exceed the income limits established by the State of New York Mortgage Agency (SONYMA) and in effect on the contract date for the purchase and sale of the property for its low interest mortgage program in its non-target, one and two person household category for the county where the property is located. The purchase price of the home is similarly limited, with two exceptions: (1) municipalities opting into the program may increase the purchase price limit by up to 25%, and (2) where the purchase price exceeds the applicable limit by 15% or less, the exemption may be granted as if the purchase price equaled the applicable limit (but otherwise no exemption may be granted). The applicable SONYMA limits are available on that agency's Web site (www.nyhomes.org/home/buyers). SONYMA may also be contacted at 641 Lexington Avenue, New York NY 10022 or by telephone (toll free) at 1 800 382-4663.

“Income” for purposes of this exemption is defined as the “adjusted gross income” for federal income tax purposes as reported on the applicant's latest available federal or state income tax return, subject to any subsequent amendments or revisions, reduced by any taxable amounts of distributions from individual retirement accounts or individual retirement annuities (IRAs). A copy of the income tax return(s) must be filed with the application.

Scope and duration of exemption

The exemption, if authorized, lasts for a maximum term of five years, beginning at fifty percent in the first year and declining to ten percent in the fifth and final year. A municipality that opts in to the program may also opt to grant the exemption for a shorter term. Where it is adopted, the exemption applies to taxes and special ad valorem levies; the exemption does not apply to special assessments. The exemption applies only to homes purchased or contracted for before December 31, 2016.

Filing application

Application should be filed with the city or town assessor. Application for exemption from village taxes in villages should be filed with the assessor who prepares the assessment roll used in levying village taxes. In Nassau County, application for exemption from county, town, or school district taxes should be filed with the Nassau County Board of Assessors. In Tompkins County, application for exemption from county, city, town, village, or school district taxes should be filed with the Tompkins County Division of Assessment.

Time of filing application

The application must be filed in the assessor's office on or before the appropriate taxable status date. In towns preparing their assessment roll in accordance with the schedule provided by the Real Property Tax Law, the taxable status date is March 1. In towns in Nassau County, the taxable status date is January 2. Westchester County towns have either a May 1 or June 1 taxable status date; contact the assessor. In villages and cities, the taxable status dates vary, and the appropriate assessor should be consulted for the correct date.

Once the exemption has been granted, it is not necessary to reapply for the exemption after the initial year for the exemption to continue. There is no need to reapply in subsequent years, but, if the property ceases to be used primarily for residential purposes, or if the property is a single-family residence and any portion is leased, or if title to the property is transferred to persons other than the heirs or distributees of the owner, the exemption is terminated.