Legislation Details (With Text)

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Res. No. 1620

Resolution calling upon the State Legislature to restore the 421-b tax abatement program for one- and two-family homes.

By Council Members Comrie, Felder, Liu, Nelson, Weprin, White Jr. and Gerson

Whereas, The 421-b tax abatement program was created to support new one- and two-family housing construction within the City by making home ownership more affordable; and

Whereas, The tax abatement program provides a declining real property tax benefit on the construction and reconstruction of one- and two-family homes or conversions of existing buildings to one- and two-family homes, with no geographic restrictions; and

Whereas, According to an article in The New York Times in May 1992, the City suffered a recession from 1969 to 1977, losing more than 600,000 jobs, nearly one-sixth of all jobs in the city and one-tenth of its population; and

Whereas, Due to the poor economy in the late 1970s, the 421-b tax abatement program was initiated in

1979 as an incentive for individuals to purchase new one- and two-family homes, mainly in Staten Island and Queens, and in an attempt to reduce the number of people leaving the City and residing in the suburbs; and

Whereas, Although the City's economy began to recover in the 1980s and 1990s, the 421-b tax abatement program was still available for one- and two-family housing after mortgage rates were dropping back to traditional levels which resulted in concerns about overdevelopment in Staten Island; and

Whereas, According to an article in The New York Sun in December 2006, nearly 5,500 housing units were constructed using the 421-b tax abatement program during fiscal year 2006; and

Whereas, The 421-b tax abatement program allowed homeowners not to owe any taxes on their newly constructed homes until two years after construction was completed, and also allowed homeowners to save money from a declining tax exemption for an additional six years; and

Whereas, According to an article in The New York Sun in December 2006, as a result of the City's soaring real estate prices, City officials expressed the belief that a $15,000 to $25,000 tax break is not enough incentive for middle-class families to purchase a $500,000 home, which resulted in the New York State Legislature allowing the 421-b tax abatement program to expire on June 30, 2006, rather than increasing the tax break; and

Whereas, Due to the current economic crisis within recent years, causing higher interest rates and increases in construction costs, residents need an incentive to construct one- and two-family houses; and

Whereas, In the past, the 421-b tax abatement has aided middle-class residents in purchasing one- and two-family homes because families with a lower annual income could purchase a newly constructed home, and has also resulted in these families having a disposable income which can be used to contribute back to their local economy by shopping and patronizing restaurants; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the State Legislature to restore the 421-b tax abatement program for one- and two-family homes.

PM
LS# 5356
8/7/08