



## Instructions for Form RP-421-p-adu

Application for Real Property Tax Exemption for  
Capital Improvements to Residential New Construction  
Creating Accessory Dwelling Units

### General information

Real Property Tax Law § 421-p allows a city, town, village, or a school district that is not subject to Article 52 of the Education Law, to adopt a local law or resolution providing an exemption from taxation and special ad valorem levies (but not special assessments) for capital improvements to residential new construction involving the creation of one or more accessory dwelling units (ADUs).

For the property to become eligible for this exemption, the following eligibility requirements **must** be met:

- The ADU or ADUs must have been added to a residential building that was designed and occupied exclusively for residential purposes by not more than two families.
- The reconstruction, alteration, improvement, or new construction must have commenced **after** the effective date of the local law or resolution allowing for the exemption.
- The value of the reconstruction, alteration, improvement, or new construction must exceed \$3,000.
- The reconstruction, alteration, improvement, or new construction must have created one or more additional residential dwelling units. The additional ADU or ADUs must be on the same parcel as a pre-existing residential building and provide independent living facilities for one or more persons. In addition, a county, city, town, village, or school district may limit the exemption to certain forms of reconstruction, alteration, improvements, or new construction.

Ordinary repairs and maintenance **do not** qualify for this exemption.

### Duration and computation of exemption

If the exemption is locally authorized, the increase in assessed value of eligible newly constructed accessory dwelling units shall be exempt from taxation for a period of 10 years. The exemption shall be limited to a \$200,000 increase in market value as determined in the initial year of the exemption. In special assessing units, the increase in market value is equal to the increased assessed value divided by the class one ratio. In the rest of the state, the increase in market value is equal to the increased assessed value divided by the equalization rate. Where the equalization rate equals or exceeds 95%, the increase in assessed value shall equal the market value.

In the first five years, the eligible improvements shall be exempt from up to 100% of the increased assessed value as determined in the initial year of the exemption. The exemption shall decrease by 25% for each of the subsequent three years. During each of the final two years, the exemption shall decrease by 10%.

In any year in which a change in level of assessment of 15% or more is certified for a final assessment roll, the exemption shall be recalculated. The increase in assessed value shall be multiplied by a fraction, in which the numerator is the total assessed value of the parcel on the final assessment roll, and the denominator is the total assessed value of the parcel on the immediately preceding final assessment roll.

In the event the exemption is recalculated, the assessor shall give written notice to the property owner. If the property owner believes the exemption was recalculated incorrectly, they may apply for the correction of clerical errors.

If the building ceases to be used primarily for residential purposes or its title is transferred to someone other than the heirs or distributees of the owner, the exemption shall be removed.

### Where and when to file the application

Before the appropriate taxable status date, you should file Form RP-421-p-adu with your assessor's office.

**Note:** Contact your assessor's office to confirm the taxable status date in your community.

With:	For:
the city or town assessor	property located outside Nassau or Tompkins Counties
the village assessor	property located in a village outside Nassau or Tompkins Counties that assesses property (but file a separate application with the town assessor as well)
the Nassau County Department of Assessment	property located in Nassau County (but for property located in a village in Nassau County that assesses property, also file a separate application with the village assessor)
the Tompkins County Division of Assessment	property located in Tompkins County

Do **not** file this form with either the New York State Department of Taxation and Finance or the Office of Real Property Tax Services.