



Homestead Tax Option Town of Ossining January 20, 2015

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Office of Real Property Tax Services

The Homestead Tax Option

background

- **In some municipalities in New York State, residential property is at a lower level of assessment than other types of property (i.e., commercial, industrial) because of the long interval between municipal-wide reassessments – values have increased at a faster rate for residential properties than for non-residential properties**
- **After a reassessment, municipalities in this situation may see the residential properties, as a group, bear a larger share of the tax burden (the values of residential properties tend to move faster than values of non-residential properties)**

The Homestead Tax Option

background

- **The Homestead Tax Option, a local option, is available to help prevent a shift of the property tax burden to the homestead class of property owners (residential) following a reassessment**
- **All properties must be assessed at the same uniform percentage of value. Homestead is a tax policy decision; it does not create or foster inequitable assessments**
- **DTF-ORPTS does not advocate for or against the use of the Homestead Tax Option; our role is simply to explain how it works**

The Homestead Tax Option

- **The Homestead Tax Option is presently used by 58 municipalities statewide:**
 - 13 cities
 - 17 towns
 - 10 assessing unit villages
 - 8 non-assessing unit villages
- **The Homestead Tax Option is presently used by 39 school districts statewide:**
 - 22 wholly contained (RPTL §1903)
 - 17 split (RPTL §1903-a)

How Homestead Works

ability to use Homestead

- **Homestead can only be adopted as part of the implementation of a reassessment project in which the municipality becomes an Approved Assessing Unit (AAU). The Town of Ossining is in the process of implementing a reassessment at 100% of market value for its June 1, 2016 tentative roll**
- **AAU status is achieved if the stated Level of Assessment (100%) is verified by DTF – ORPTS for each of the four major property types of the reassessment roll (residential, commercial, vacant / agricultural land and utilities)**

How Homestead Works

ability to use Homestead

- **Since reassessments are typically conducted by towns or cities and, occasionally, villages, the potential use of Homestead hinges on the reassessment municipality becoming an AAU and then passing a local law to adopt Homestead**
- **The decision to adopt Homestead by a town or city enables the potential use of Homestead by other taxing jurisdictions:**
 - **wholly contained and split school districts**
 - **wholly contained and split villages**
 - **qualifying special districts**

How Homestead Works

classification

- **The use of Homestead requires the classification of all properties on the preceding final roll and the tentative (reassessment) roll**
- **Essentially, there are two classes of property – homestead and non-homestead. Under certain circumstances, a property may be classified as split, meaning the assessed value must be apportioned between homestead and non-homestead**
- **The use of Homestead results in separate tax rates established for each tax class**

How Homestead Works

classification

- **Homestead and non-homestead class tax shares from the preceding final roll become the starting point for class tax shares for applicable taxing jurisdictions based on the reassessment roll**
- **By adopting Homestead, a Town will have two different Town tax rates, one for properties classified as homestead, and another (typically higher) for properties classified as non-homestead**
- **Homestead does not apply to the county tax**

The Homestead Class – what is it?

- **One, two and three family residential homes**
- **Mobile homes (manufactured housing) that are owner-occupied and individually assessed (none in Ossining)**
- **Condominiums built as condominiums or conversions from a use other than apartments or co-operative apartments (condominiums converted from apartments or co-operative apartments are classified as non-homestead)**
- **Vacant land 10 acres or less zoned exclusively for one, two or three family use**

The Homestead Class – what is it?

- **Residential dwellings with an incidental commercial use – primary use is residential (property class 283)**
- **Farm dwellings (none in Ossining)**
- **All farm buildings and structures as defined in RPTL section 483(3) that are located on land used in agricultural production (none in Ossining)**
- **All land used in agricultural production eligible for an agricultural assessment per Agriculture and Markets laws 305 and 306 if the owner has filed an annual application for an agricultural assessment (none in Ossining)**

The Homestead Class – condominiums

- **Condominiums built as condominiums or conversions from a use other than apartments or co-operative apartments (condominiums converted from apartments or co-operative apartments are classified as non-homestead)**
- **When Homestead is adopted, condominiums classified as homestead will be assessed on a market basis (comparable sales) as opposed to the traditional income approach of the entire complex and resulting apportionment to determine individual unit assessments. Condos and co-ops classified as non-homestead continue to be valued on an income basis**

The Non-homestead Class – what is it?

- All properties not defined as homestead

Split Properties

- Parcels can be designated as split if there is more than one site, with at least one being homestead and one being non-homestead (e.g., a parcel that has both a gas station and a one family dwelling on it).
Note: a multi-use building such as a multi-story row type building with retail, office and apartments would not be classified as split (it is non-homestead)

How Homestead Works

potentially applicable taxing jurisdictions – wholly contained

Assuming adoption of Homestead by Ossining:

- Homestead automatically applies to wholly contained school districts (none in Ossining)
- Wholly contained school districts have the ability to opt out of the use of homestead by resolution, if so desired
- Wholly contained villages can adopt Homestead by passing a local law if they have given up their assessing unit status
(Village of Ossining)
- Wholly contained villages can also adopt Homestead as an assessing unit by implementing a reassessment and becoming an Approved Assessing Unit

How Homestead Works

potential applicable taxing jurisdictions – portions

Assuming adoption of Homestead by Ossining:

- **the part of a town outside of all villages (TOV) contained therein (unincorporated Town tax)**
- **a special district encompassing the entire assessing unit – every parcel in the Town is in it**
- **the entire assessing unit, with the exception of one or more villages located therein, which is a special district or for which any charge is imposed upon property pursuant to the town law – every parcel in the TOV is in the district (Refuse / Lighting / Fire)**
- **NOTE: while every parcel must be in the special district, not every parcel has to pay the special district tax**

How Homestead Works

taxing jurisdictions – eligible split tax districts

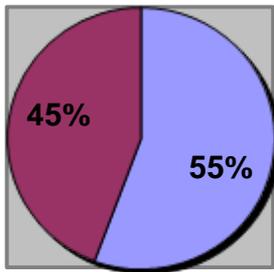
Assuming adoption of Homestead by Ossining:

- **A school district located in more than one Town or City can adopt Homestead by resolution if a minimum of 20% of its parcels reside in an AAU that has adopted Homestead
(Ossining and / or Briarcliff Manor School Districts)**
- **A village located in more than one Town that has given up its assessing unit status can adopt Homestead by local law if a minimum of 20% of its parcels reside in an AAU that has adopted Homestead
(Village of Briarcliff Manor)**

How Homestead Works

Town of ABCDE

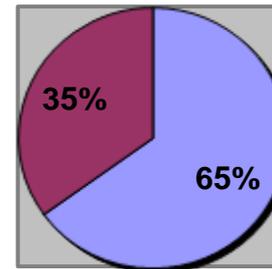
Class tax shares based on the classification of the final roll preceding the reassessment. These shares become the starting point for Town tax distribution with the adoption of Homestead for the reassessment roll



Homestead -- 55
Non-homestead -- 45

Town of ABCDE

Preliminary class tax shares based on the reassessment roll that would become the basis of Town tax distribution without the adoption of Homestead



Homestead -- 65
Non-homestead -- 35

How Homestead Works

- If the properties that would be classified as homestead in Town ABCDE paid 55% of the Town tax in 2015 (the roll prior to a 2016 reassessment), those properties would now pay 65% of the Town tax as a result of the reassessment implemented on the 2016 roll without the adoption of Homestead
- Adoption of Homestead would result in the tax share of the homestead class of properties remaining at roughly 55% of the Town taxes extended against the 2016 reassessment roll
- Shares will vary from Town to School to Village to individual special district because each taxing jurisdiction has its own total taxable value

Adoption of Homestead - Town

- **Certification as an Approved Assessing Unit:**
 - **submission of an Application for Certification as an Approved Assessing Unit**
 - **Must be submitted at least 120 days prior to the filing of the tentative reassessment roll (earlier filing recommended)**
- **Implementation of a reassessment**
- **DTF-ORPTS must accept each major property type (residential, commercial, vacant/agricultural, utility) at Town's stated Level of Assessment (100%) based on analysis of the reassessment roll**
- **Homestead is adopted by passage of a local law no later than 60 days before the tentative 2016 (reassessment) roll**

Adoption of Homestead - Town

Assessment Disclosure Processing

- **Assessment disclosure processing will take the most recently extended tax levies from the town / county bills issued in April 2015 and the school bills issued in September 2015 and use the new preliminary 2016 assessments to raise those same overall tax levies**
- **Assessment disclosure notices are ultimately sent to each property owner to provide a comparison of the actual taxes paid to the taxes that would have been paid had all the new preliminary 2016 assessments been in place to raise those same 2015 tax levies (mailing sometime in March 2016)**

Adoption of Homestead - Town

Assessment Disclosure Processing

- **All parcels on copies of the preceding 2015 final roll and the preliminary 2016 tentative (reassessment) roll must be classified as homestead, non-homestead or split – copies of both files with and without Homestead classifications are necessary for the analysis**
- **The copy of the classified 2015 final roll is used to establish the existing tax class shares**
- **Assessment disclosure must be processed twice:**
 - **once without the use of Homestead to determine the effect of the reassessment (the unclassified final 2015 roll and the unclassified preliminary 2016 tentative roll);**
 - **once with the use of Homestead (unclassified 2015 final roll and the classified 2016 preliminary tentative roll)**

Adoption of Homestead - Town

Assessment Disclosure Processing

- **By law, disclosure notices must be mailed to each property owner no later than 60 days prior to the filing of the tentative roll (by April 2, 2016)**
- **Homestead must be adopted by passage of a local law no later than 60 days prior to the applicable tentative roll (per RPTL §1903(1))**
- **The assessment disclosure notices mailed to property owners must reflect the use of Homestead, if adopted. So, this analysis must be completed at least one month before the legal deadline for mailing notices, preferably earlier, to ensure adequate time for public meetings / hearings and consideration by the municipal board(s)**

Adoption of Homestead - Town

- **It is only when the Town Board has the tax shift analysis that an informed decision can be made about the adoption of Homestead**
- **If the Town Board decides the use of Homestead is appropriate, a local law must be passed at least 60 days prior to the filing of the tentative (reassessment) roll (by April 2, 2016).**
- **Homestead remains in effect unless the local law is rescinded (without referendum) no later than the date of the Town's tax levy**

Adoption of Homestead

- If the Town does not adopt Homestead, any wholly contained school districts cannot use Homestead
- Similarly, a split school district cannot adopt Homestead unless another qualifying segment resides in a different AAU
- Similarly, wholly contained villages cannot use Homestead unless a village reassessment is implemented
- Similarly, a split village cannot adopt Homestead unless another qualifying segment resides in a different AAU that already has Homestead in place

Adoption of Homestead - School

- **The Ossining and / or Briarcliff Manor School Districts could file a notice of intent to establish dual tax rates (does not obligate either District to use Homestead). By law, this must be done by the Taxable Status dates of each Town in which each District resides, but should be done no later than the end of 2015. (Assessors in school segments outside the Town of Ossining will have properties to classify)**
- **If either / both Districts feel it appropriate (and the Town has adopted), Homestead can be adopted by passing a resolution per RPTL 1903-a. The first school tax to which Homestead would potentially apply would be Sept. 2017**

Adoption of Homestead - Village

- **Assuming the Town has adopted Homestead, the Village of Ossining as a wholly contained non-assessing unit, could adopt Homestead by passing a local law per RPTL 1903 no later than 30 days before the Town's tentative roll. The first village tax to which Homestead would potentially apply would be January 2017**
- **Assuming the Town has adopted Homestead, the Village of Briarcliff Manor could file a notice of intent to establish dual tax rates (does not obligate the Village to use Homestead). By law, this must be done by the Taxable Status dates of each Town in which the Village resides, but should be done no later than the end of 2015. (The Assessor for the village segment outside the Town of Ossining will have properties to classify)**

Adoption of Homestead - Village

- **The Village of Briarcliff Manor could then adopt Homestead by passing a resolution per RPTL 1903-a no later than the date for the Village's levy of taxes (substantially earlier passage would be desirable). The first village tax to which Homestead would potentially apply would be June 2017**
- **Homestead is a tax option – regular reassessment is still necessary to ensure equitable assessments to distribute the tax levy**

For More Information

Visit the New York State Department of
Taxation and Finance website at:

**[www.tax.ny.gov/
research/property/
default.htm](http://www.tax.ny.gov/research/property/default.htm)**

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