

New Childcare Center Property Tax Abatement

PROPERTY OWNERS: JOIN IN THE EFFORT TO MAKE CHILDCARE AVAILABLE IN NEW YORK CITY!



“Childcare is foundational. This country and this city wouldn’t function without childcare. My administration made a promise to deliver high-quality, affordable childcare to our hardworking families—an investment that we know is worthwhile because it is an investment in our kids and our future. It takes a city to raise a child and we need creative solutions if we are to realize the goal of making childcare more accessible for New Yorkers. That’s why my administration championed a new childcare property tax abatement for property owners that create space for childcare. The public and private sectors can accomplish a lot together, and we hope that your business takes advantage of this important opportunity.”

— Mayor Eric Adams

New York City is investing in an accessible, equitable, and high-quality childcare system. Among the many strategies to accomplish this goal is the creation of a **new property tax abatement for property owners who retrofit space to accommodate childcare centers.**

Property owners who create a childcare center or increase the number of seats at an existing childcare center may be eligible for a property tax abatement covering up to \$225,000 of construction costs required to create the childcare seats.

The abatement amount is equal to the reasonable construction expenses associated with the creation of new childcare seats in a childcare center, subject to a cap. The capped amount depends on whether the seats were created in a childcare desert, a designation that is determined by the New York State Office of Children and Families (OCFS). A childcare desert is a census tract where there are three or more children under five years old for each available childcare

slot, or where there are no available childcare slots.

If a property is in a childcare desert, owners may be eligible for a property tax abatement of up to \$75 per square foot, or up to a total of \$225,000.

If property is not in a childcare desert, owners may be eligible for a property tax abatement of up to \$35 per square foot, or up to a total of \$100,000.

The abatement is spread over five years, so the maximum abatement amount per year for properties in a childcare desert is up to \$15 per square foot, or up to a total of \$45,000, and the maximum amount per year for other properties is up to \$7 per square foot, or up to a total of \$20,000.

The City has budgeted a total of \$25 million for this property tax abatement. Benefits may be reduced if approved abatements for eligible buildings exceed \$25 million.

FREQUENTLY ASKED QUESTIONS

What kinds of properties qualify?

NYC Property Tax classes one, two, and four properties may be eligible. These are generally single- and multi-family homes, coops, condos, rentals, commercial properties, and retail properties.

How do I know if I am in a childcare desert?

Childcare deserts are determined by OCFS. A childcare deserts map tool is available by accessing OCFS' Division of Child Care Services webpage at https://bit.ly/cc_deserts.

Who applies for the abatement – the property owner or the provider?

The property owner applies for the abatement. The property owner must enter into an agreement with a childcare provider that is permitted by the NYC Department of Health and Mental Hygiene (DOHMH) to operate in a childcare center.

Can this abatement be applied to seats that are part of a DOE-contracted 3-K or Pre-K program?

Yes. Owners providing space for DOE providers can apply for this abatement, but it is not limited to them.

What kind of construction costs are eligible?

Eligible costs are costs of construction, conversion, improvement, or alteration that were necessary to create new childcare seats in a childcare center that is compliant with the NYC Health Code. Examples: additional means of egress, bathroom renovations, fire alarm system installation and upgrades, etc.

When do property owners apply and when is the abatement applied?

Applications are due by March 15 in any given year in order for the abatement to be applied to property tax bills beginning in the subsequent City Fiscal Year which begins on July 1.

Applications will be accepted until March 15, 2025. You can apply at the NYC DOF Childcare Abatement webpage, <https://www.nyc.gov/site/finance/benefits/group-childcare-abatement.page>.

What kind of information do property owners need to provide?

Property owners must provide a childcare provider permit issued by DOHMH, along with determinations that have been certified by a licensed engineer, architect, certified public accountant, or other licensed professional in the field of business or design, regarding the size of the premises, costs incurred, and the reasonableness of costs incurred as comparable to construction costs for a childcare center in a similar eligible building.

Is this property tax abatement in addition to other property tax exemptions or abatements?

Yes, the abatement is in addition to any other exemption or abatement and is applied afterwards. However, the abatement is not refundable. Any abatement amount that exceeds a property's tax liability in a particular year could be applied to the following year's liability provided that it is within the five-year abatement period.

