



NEW YORK STATE DEPARTMENT OF TAXATION & FINANCE  
OFFICE OF REAL PROPERTY TAX SERVICES

INSTRUCTIONS FOR APPLICATION FOR REAL PROPERTY TAX EXEMPTION FOR  
RESIDENTIAL-COMMERCIAL URBAN EXEMPTION PROGRAM

(Real Property Tax Law, Section 485-a)

**1. Authorization for exemption**

Section 485-a of the Real Property Tax Law, at local option, authorizes a declining 12 year partial exemption from real property taxation and special ad valorem levies for non-residential property converted to a mix of residential and commercial uses. The property must be located in a city (other than New York City), a town, or a village.

An eligible city, town, or village may enact a local law to adopt the residential-commercial urban exemption. After such a city, town, or village adopts the exemption, the county and any school district that is located wholly or partially within such city, town or village, other than the fiscally dependent Buffalo, Rochester, Syracuse and Yonkers School Districts, also may adopt the exemption with the same restrictions approved by the city, town, or village. The county's approval of the exemption would require a local law and the school district's approval would require a resolution. Consult your assessor to ascertain whether the city, town, village, or county, and, where applicable, the school district have adopted the exemption.

**2. Eligible Conversions**

An eligible conversion must have a cost in excess of \$10,000 or a higher amount stated in the local law adopted by the city, town, or village. The assessor can tell you the minimum cost required in your city, town, or village. The exemption applies only to construction commenced subsequent to the date on which the local law adopted by the city, town, or village takes effect. The exemption does not apply to improvements for dwelling units in a hotel and also does not apply to ordinary maintenance and repairs.

**3. Duration and computation of exemption**

The exemption is calculated as a percentage of the "exemption base," which is the increase in assessed value attributable to the conversion. The base should be determined for each year in which there is such an increase attributed to an eligible conversion. The exemption is to be calculated by the following method:

<u>Year of Exemption</u>	<u>Percentage of Exemption</u>
1 through 8	100% of Exemption Base
9	80% of Exemption Base
10	60% of Exemption Base
11	40% of Exemption Base
12	20% of Exemption Base

The exemption generally may not be granted concurrent with or subsequent to any other exemption for the same improvements. There is an exception when, during the period of a previous exemption, payments in lieu of taxes or other payments were made to the local government in an amount equal to or greater than the taxes that would have been payable for that period if the property had received exemption pursuant to Section 485-a. In that situation, a residential-commercial urban exemption is to be granted for 12 years less the number of years the above-described payments were made.