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Assessor's Manual, Volume 4, Exemption Administration

**Exemption Administration Manual - Part 2
Industrial, Commercial, and Public Service**

Section 4.06 - RPTL Section 485-a

Mixed-use Properties in Certain Municipalities

RPTL Section 485-a

Exemption Code(s): 4759_

Year Originally Enacted: 2002

Related Statutes: None.

SUMMARY: To the extent allowed by local option, properties on which a combination of residential and commercial construction work is performed to create a building used for mixed residential and commercial purposes, and which are located in certain municipalities outside New York City (see Location Requirements), are partially exempt from taxation and special ad valorem levies, but liable for special assessments. For such properties, 100% of the base amount attributable to the construction work is exempt during the first 8 years of the exemption, 80% is exempt in the 9th year, 60% is exempt in the 10th year, 40% is exempt in the 11th year, and 20% is exempt in the 12th year. Property receiving this exemption may not concurrently receive any other exemption, except under certain conditions (see Calculation of Exemption below).

A. ELIGIBILITY REQUIREMENTS:

1. **Ownership Requirements:** Facility must be owned or operated by a private or public individual or organization.
2. **Property Location Requirements:** Property must be located in a municipality, which for purposes of this exemption means any city, town, or village except for a city with more than one million inhabitants. (This currently excludes New York City.)
3. **Property Use Requirements:** Benefits under this exemption are reserved exclusively for non-residential real property that is converted to a structure used for both residential and commercial purposes. The portion devoted to residential construction work may not include dwelling units in a hotel. The cost of conversion must exceed \$10,000 or a greater amount as may be specified in local law (see Local Option). Such conversions costs may not include ordinary maintenance and repairs.
4. **Certification by State or Local Government:** None.
5. **Required Construction Start Date or Other Time Requirement:** Exemption applies only to construction that commenced subsequent to the date on which the eligible city's local law has taken effect (see Local Option below).

- B. LOCAL OPTION:** Yes -- each eligible municipality may choose: (1) to allow the exemption, and (2) to require that the eligible cost of conversion exceeds \$10,000. The option to exempt and to set a conversion cost minimum in excess of \$10,000 must be exercised through a local law (after a public hearing). Upon the municipality's adoption of such a local law, the county in which the municipality is located may enact a local law allowing the exemption and, if desired, requiring a conversion cost minimum in excess of \$10,000. Likewise, any school district, other than the fiscally dependent school districts of Buffalo, Rochester, Syracuse, and Yonkers, that comprises at least some part of such city may pass a resolution allowing the exemption and further requiring a conversion cost minimum greater than \$10,000.

C. LIMITATION ON EXEMPTION:

	General Municipal Taxes	School District Taxes	Special Ad Valorem Tax	Special Assessments
1. Amount	Yes*	Yes*	Yes*	No exemption allowed
2. Duration	12 years**	12 years**	12 years**	No exemption allowed
3. Taxing Jurisdiction				
a. County or County Special Districts	Ex**	NA	Ex**	Tax
b. City	Ex**	NA	NA	Tax
c. Town or Town Special District	Ex**	NA	Ex**	Tax
d. Village	Ex**	NA	NA	Tax
e. School District	NA	Ex**	NA	NA

Ex-Exempt Tax-Taxable NA-Not Applicable

*Amount is limited to the increase in assessed value attributable to conversion to mixed residential and commercial use.

**If allowed by local option (county and school district options are conditional on city, town, or village adoption of exemption).

D. **PAYMENTS IN LIEU OF TAXES:** None required.

E. **CALCULATION OF EXEMPTION:**

1. **General Municipal and School District Taxes:** The amount of the exemption is calculated as a percentage of the "exemption base," which is the increase in assessed value of the property attributable to conversion to a mixed-use property. This base should be determined for each year in which there is an increase in assessed value attributable to conversion from that of the previous year's assessed value. The exemption is computed as indicated below:

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

2. **Special Ad Valorem Levies and Special Assessments:** See Calculation of Exemption, General Municipal and School District taxes above, in the case of special ad valorem levies for county and county district purposes (special ad valorem levies for other purposes do not apply with this exemption). No exemption allowed for special assessments.

Note: This exemption may not be granted concurrent with or subsequent to any other exemption granted to the same improvements to the property, except, where during the period of any such prior exemption, payments in lieu of taxes or other payments were made to the local government in an amount that would have been equal to or greater than the amount of real property taxes that would have paid on the improvements had the property received this exemption. In this particular situation, an exemption should be granted for 12 years less the number of years the property would have been previously exempt from taxation.

F. **CODING OF EXEMPTION ON ASSESSMENT ROLL:**

<u>Code</u>	<u>Description of Alternative Codes Possible</u>
4759_	

Assessment Roll Section(s): Taxable (RPS Section 1).

NOTE: This code should not be used to identify property which is exempt under any of the statutes listed under Similar Exemptions below. For coding of such property, see the Exemption Profile for the statute which applies.

G. **FILING REQUIREMENTS (Owner or Occupant of Property):**

Form RP-485-a (1/05) - Application for Partial Real Property Tax Exemption for Residential-Commercial Urban Exemption Program

H. **REPORTING REQUIREMENTS (Assessor):** None.

I. **SIMILAR EXEMPTIONS:**

<u>Subject</u>	<u>Statute</u>
Branch banks in banking development districts	
RPTL §485-f	
Business investment property outside New York City	RPTL §485-b
Commercial properties in designated areas of Manhattan (New York City)	RPTL §499-b
Commercial properties in New York City outside designated areas of Manhattan	RPTL §499-bb
Industrial and commercial properties in New York City (project certified by NYC Department of Finance)	RPTL §489-bbbb
Industrial and commercial properties in New York City (project certified by NYC Department of Finance after June 30,2008)	RPTL §489-bbbbbb
Mixed use property in New York City	RPTL §489-bbbbbb
Municipal industrial development agencies	RPTL §412-a & Gen Muny L §874
NYS Urban Development Corporation (industrial project)	McK U Con L §6272

Exemption Application Forms:

[Form RP-485-a](#)

[Form RP-485-a-Ins](#)

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