

## Attachment #1 019/120/010

Dear Homeowner:

Certain residential property that has been rezoned to a commercial or industrial class can receive a residential use assessment. A review of our records indicates that you may qualify for this program. If you wish to obtain a residential use assessment, please read this notice and return the attached application as soon as possible.

This legislation is designed to protect homeowners whose property is up-zoned to a more intensive use through comprehensive rezoning. If the homeowner meets the following criteria, the property (dwelling plus the land associated with the dwelling) will be valued based on the residential use of the property instead of the commercial or industrial value.

1. The homeowner must apply to the Department on or before April 1 of the taxable year preceding the taxable year for which the use assessment is sought.
2. The homeowner must reside in the dwelling as a principal residence, and have occupied the dwelling for at least three years before the property was rezoned.
3. The homeowner must have a legal interest in the dwelling.
4. The property must have been zoned residential at the time of acquisition and have since been rezoned to a commercial or industrial class through comprehensive rezoning. The rezoning may not have been initiated or requested by the homeowner or anyone having an interest in the property.

The "rezoned residential use" valuation will continue for the property until such a time as it is subdivided by a recorded plat, is used for a purpose other than a residential use, or is transferred to someone other than an immediate family member of the owner. When one of these situations occur, the owner will be subject to a recapture penalty. The penalty will be calculated based on the difference between the assessment of the property from its residential use status and the normal in-cycle commercial/industrial valuation as developed above. The assessment difference is multiplied by the appropriate Municipal, County, and State tax rates for the current tax year. This result is then multiplied by the number of years, not exceeding three, that the homeowner received a residential use assessment. Interest at an annual rate of 12% shall be added to the penalty if not paid within 60 days.

Regardless of whether you apply for the residential use assessment, the owner of the rezoned property may still be eligible for other residential tax benefits. Accordingly, if the rezoning was not initiated or requested by the homeowner or anyone having an interest in the property, the property may be eligible for a Homestead Property Tax Credit which limits the annual increase in assessment to 10% or less, depending on the jurisdiction.

If you have any questions regarding this residential use assessment program, please call your local office of the Department of Assessments and Taxation.