

Helen Rosenthal Council Member, Sixth District



LET'S TALK TAXES: CLASS 2 PROPERTIES

RESIDENTIAL BUILDINGS WITH FOUR UNITS OR MORE

PROCEDURE FOR ASSESSMENT

Residential properties are assessed annually. The assessment indicates how much a property is worth, and specific tax rates are determined in May. New tax rates are applied on 7/1 each year.

MARKET
VALUE

x 45%

ASSESSED
VALUE

x tax rate

TAXES

First, market value is determined. Rental buildings with eleven units or more are assessed by examining the building's net income and applying a capitalization rate. Condo and co-op buildings with eleven units or more are compared with the sales price of rental buildings of similar size, location, number of units, and age. Co-op buildings receive a market value that is ascertained through this process, and condos also receive a unit-specific market value.

The market value is then multiplied by 45% to determine the assessed value. Properties also receive a transitional assessed value, which extends over a 5-year period. To calculate transitional assessed value, the difference of the assessed value for each cumulative year is determined, and 20% of that difference is used for tax. The City must use whichever value (the actual assessed or the transitional assessed) is lowest.

Lastly, the assessed value is multiplied by the tax rate to determine the final property tax.

WHY ARE MY TAXES SO HIGH?

For the 2016-2017 fiscal year, Class 2 properties are taxed at the rate of 12.892%, which is a .01% increase from last year. Although this is not a significant increase, taxes may seem higher this year because of growing property values on the Upper West Side. If a property grows to a higher market value, the property's assessed value, in-turn, also increases, subsequently sparking an increase in taxes.



HOW CAN I REDUCE MY TAXES?



To lower your property tax bill, you can enter into tax exemption and abatement programs. Exemption programs exist for people with disabilities, veterans, clergy, seniors, and low-income residents. You can view these programs here:

<http://on.nyc.gov/29GyPUI>. Property tax abatements are available for landlords constructing residential buildings and using green initiatives--these programs can be viewed here: <http://on.nyc.gov/1cgaNA1>. If you cannot participate in these programs, you can contact the Department of Finance to contest your assessment, and you must do so before March 15.

Helen Rosenthal Council Member, Sixth District



LET'S TALK TAXES: CLASS 1 PROPERTIES

RESIDENTIAL BUILDINGS WITH ONE, TWO, OR THREE UNITS

PROCEDURE FOR ASSESSMENT

Residential properties are assessed annually. The assessment indicates how much a property is worth, and specific tax rates are determined in May. New tax rates are applied on 7/1 each year.

MARKET
VALUE

x 6%

ASSESSED
VALUE

x tax rate

TAXES

First, the market value is determined. Using a process known as “statistical modeling,” assessors analyze the sale prices of similar properties in a nearby location, solely examining the sales that have occurred within the past three years.

The market value is then multiplied by 6% to determine the assessed value. Assessment caps prohibit the assessment from rising 6% from the year before or 20% over a five-year period. The City much use whichever value (6% of the market value or the capped assessment) is lowest. The assessment caps enable owners of Class 1 properties to own homes with high market values without having to pay taxes that correlate with these market values.

Lastly, the assessed value--with the caps, if applicable--is multiplied by the tax rate for that fiscal year to determine the final property tax.

WHY ARE MY TAXES SO HIGH?

For the 2016-2017 fiscal year, Class 1 properties are taxed at the rate of 19.991%, which is a .37% increase from last year. Although this is not a significant increase, taxes may seem higher this year because of growing property values on the Upper West Side. If a property grows to a higher market value, the property's assessed value, in-turn, also increases, subsequently sparking an increase in taxes.



HOW CAN I REDUCE MY TAXES?



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