NYC RESIDENTIAL property taxes

2

coops
condos
rentals
4+ units

CLASS TWO

NYC
Department of Finance

how we calculate your property tax bill

step 1 — DETERMINE MARKET VALUE

We generally value your class 2 property based on its income producing potential.

step 2 — DETERMINE ASSESSED VALUE

We multiply your property's market value by 45% (its "level of assessment") to determine its "actual assessed value." Assessed value increases on buildings with 10 or fewer units are capped at a percentage set by state law.

step 3 — DETERMINE TRANSITIONAL ASSESSED VALUE

We phase in changes to the assessed value of class 2 properties with more than 10 units over a five-year period. This results in a "transitional assessed value" for your property. We use the transitional assessed value to calculate your property tax bill if the transitional assessed value is lower than your actual assessed value.

step 4 — APPLY EXEMPTIONS ON FILE

The City of New York offers tax breaks known as exemptions to seniors, veterans, clergy members, people with disabilities, and other homeowners. We subtract these amounts from your property's assessed value to determine its taxable value. (Visit www.nyc.gov/ownerexemption to learn more.)

step 5 — PROPERTY TAX BILL

We calculate the amount you owe in property taxes by applying the city's tax rate, a percentage set each year by the city council, to your taxable value. If your property receives a type of tax break known as an abatement, we subtract it from your bill to reduce the total amount you owe.

step 1

Market Value —Valuing Your Property

The Department of Finance estimates a market value for your property based on its income producing potential. We use statistical modeling and assessor reviews to estimate income and expenses for your property based on rental properties that are similar to yours in size, location, number of units, and age.

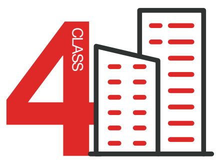
PROPERTY TAX CLASSES

Properties in New York City are divided into four classes, each valued and assessed differently under the law. Class 2 includes residential properties with more than three units, including cooperatives and condominiums.

One- to three-unit residential properties

Residential property with more than 4 units, including cooperatives & condominiums

Utility company equipment and special franchise property



All other real property, including office buildings, factories, stores, and hotels

Market values are calculated differently for each tax class. For information about how market values are determined for class 1, 3, and 4 properties, visit www.nyc.gov/finance.

class 2 market values

State law requires that the Department of Finance value all class 2 properties as if they produce income. To determine your market value, we use statistical modeling to calculate the typical income and expenses for properties similar to yours in size, location, age, and number of units. The process varies depending upon whether your property has more or less than 10 units.

LARGER RENTAL BUILDINGS

Most rental building owners are legally required to file an annual Real Property Income and Expense (RPIE) statement. To determine your rental property's market value, we use income and expense information to estimate its current net income. This estimate includes adjustments to the filed information based on our statistical models and assessment guidelines.

We then apply a capitalization rate to the estimated net income to calculate your property's market value. The capitalization rate is the expected rate of return based on the income generated by your property. You can find your estimated income, expenses, and capitalization rate on our website, www.nyc.gov/finance.

LARGER CONDOS AND CO-OPS (11+ UNITS)

State law mandates that condos and co-ops be valued as rental buildings, and that we value your building as if it were producing income.

To determine its market value, we compare your building to similar rental buildings. We use statistical modeling and assessor reviews to assign estimated income and expenses to your property based on rental properties that are similar to yours in size, location, number of units, and age. We then apply a capitalization rate to your building's estimated net income. The capitalization rate is the expected rate of return based on the income assigned to your property.

You can find the comparable properties that were used to determine your market value at www.nyc.gov/finance. You can also view your property's estimated income, expenses, and capitalization rate.

CO-OPS: A market value is assigned for the entire building. You can view your building's market value at www.nyc.gov/finance.

CONDOS: We first determine a market value for your entire building, and then for each unit. If your condo was created after July 2007, the market value of your unit is based on an interest percentage provided by your condo board. This "unit allocation factor" is usually included in the sales offering plan for your unit.

SMALLER BUILDINGS (10 UNITS OR FEWER)

Smaller class 2 buildings are also valued as income producing properties. However, since most of these buildings are not legally required to file a Real Property Income and Expense statement, the valuation approach is simplified by using the gross income multiplier method. The Department of Finance:

- estimates the typical income per square foot generated by comparable rental properties;
- generates a total income for the building by multiplying the income per square foot by the building's total square footage; and
- multiplies the building's estimated income by a factor to generate the property's market value. For example, a building with income of $100,000 and subject to a multiplier of 10 would be valued at $1 million.

2 step

Actual Assessed Value—Assessing Your Property

Once we have determined your property's market value, we calculate its assessed value. Assessed values are based on a set percentage of market value. For class 2, the assessment percentage is 45%; your market value is multiplied by 45% to arrive at the assessed value.

CLASS 2 PROPERTIES WITH 10 OR FEWER UNITS:

There is another factor that affects the calculation of assessed value for class 2 buildings with 10 or fewer units. State law limits how much the assessed value of such buildings in New York City can rise each year. The assessed value cannot increase more than 8% from the prior year or 30% over five years. Therefore, your assessed value will be whichever is lower: 45% of your market value, or the capped amount.

Because of the caps, most assessed values for class 2 properties are lower than the 45% assessment percentage. This means that it can take many years for your property's assessed value to catch up to changes in its market value. You may find that even when your market value decreases, your assessed value continues to increase because it is still less than 45% of your current market value. (Please note that physical changes to your property are not capped in this manner. They are applied in full to your market value, and then assessed at 15% of the increase for alterations and renovations and 45% for new construction.)

3 step

Transitional Assessed Value—For Class 2 Properties with 11+ Units

Another factor that influences the calculation of your assessed value is a requirement under state law that we phase in any changes to your assessed value over a five-year period. This means that we apply 20% of the change each year for five years. When a new assessment is made each year, any additional change is again spread over a five-year period.

In any given year, there are multiple phase-ins being applied, which results in a transitional assessed value for your property. The law requires that we use the transitional assessed value to calculate your property tax bill if the transitional assessed value is lower than your actual assessed value. (Please note that physical changes to your property are not phased in. They are applied in full to your market value and then multiplied by the assessment ratio of 45%.)

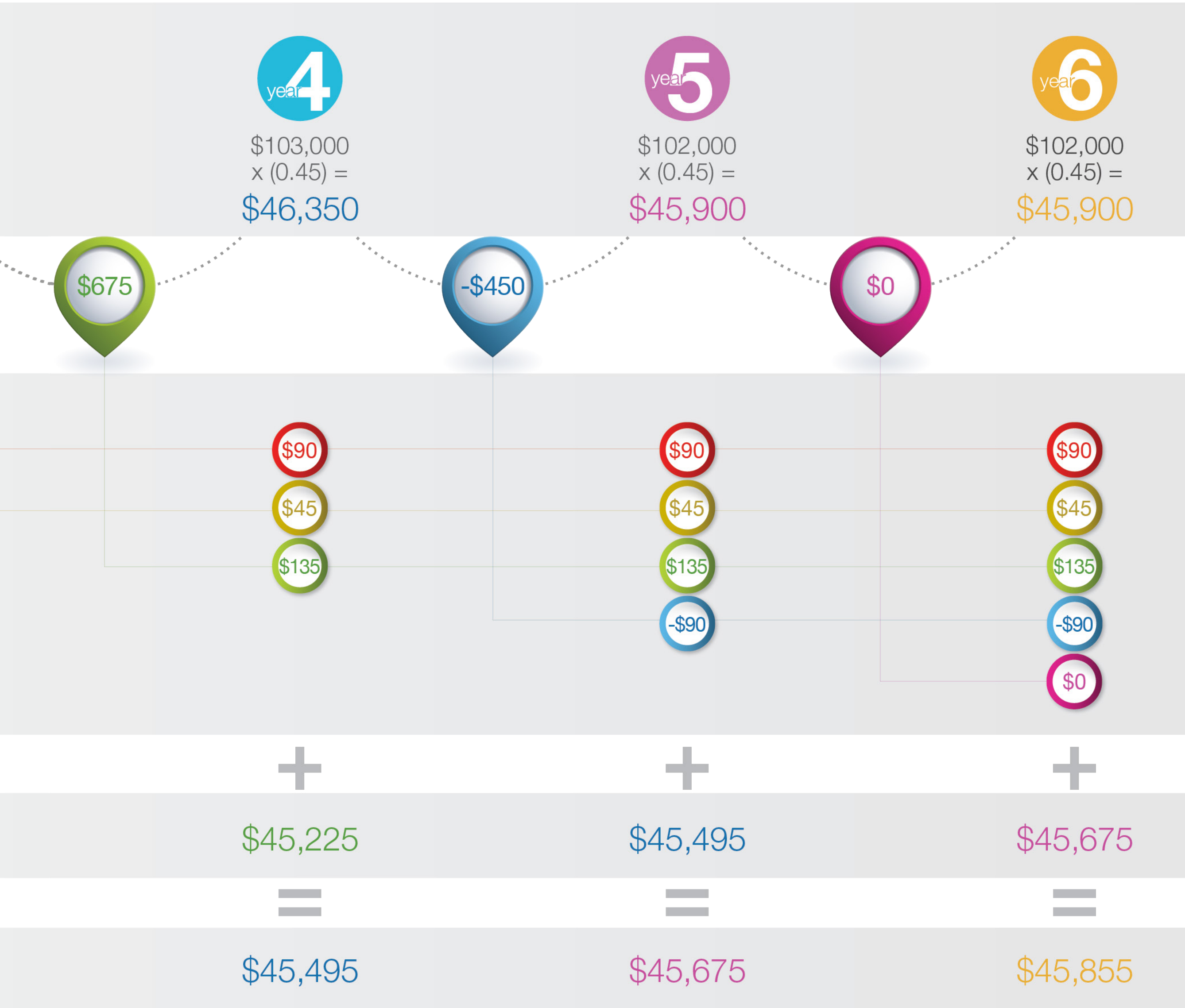
how we determine transitional assessed value

CLASS 2 PROPERTIES WITH 11 UNITS OR MORE

Here’s a detailed example of how transitional assessments are phased in – 20% of the change to your annual assessed value is applied each year, over a five-year period.

	year 1	year 2	year 3
Property Market Value Class 2 Assessment %	$100,000 x (0.45) =	$101,000 x (0.45) =	$101,500 x (0.45) =
ACTUAL ASSESSED VALUE	$45,000	$45,450	$45,675
Difference in Annual Assessment		$450	$225
20% Phase-in of Assessment Changes for Properties With 11 Units or More		$90	$90 $45
		+	+
PREVIOUS YEAR TRANSITIONAL ASSESSED VALUE		$45,000	$45,090
		=	=
TRANSITIONAL ASSESSED VALUE	$45,000	$45,090	$45,225

Remember, the law requires that we use whichever is lower—the assessed or transitional value—to calculate your property tax bill.



4 step

Exemptions—Reducing Your Property Tax

The city and state of New York offer a number of property tax exemptions to residential property owners. Condo unit owners receive them for their units. Each year, the Department of Finance informs co-op boards which of the units in their building have personal exemptions, and the boards then allocate these benefits to the co-op units as part of the common charges. The property tax bill you receive in June shows the exemptions and abatements you will receive in the coming tax year, which begins on July 1.

- The deadline to apply for the co-op/condo abatement is February 15.
- The deadline to apply for personal exemptions is March 15.

PERSONAL EXEMPTIONS

Basic STAR (School Tax Relief)	Enhanced STAR	Senior Citizen Homeowners' Exemption (SCHE)	Disabled Homeowners' Exemption (DHE)
Available to owners of houses, co-ops, and condos with less than $250k annual adjusted gross income.*	Available to owners 65+ with annual income of $98,700 or less.	Available to owners 65+ with annual income of $58,399 or less.	Available to owners with disabilities and annual income of $58,399 or less.

Veterans Exemption	Disabled Crime Victim and Good Samaritan Exemption	Clergy Exemption
Available to certain veterans, spouses/widow(er)s of veterans, and Gold Star parents.	Available to crime victims and those injured trying to prevent crime or assist a victim. Police officers are not eligible. Owner must have modified the home to accommodate disability.	Available to certain active and retired clergy members or their un-remarried surviving spouses.

* In 2016, STAR was changed by state law from a property tax exemption to an income tax credit. Current recipients of the STAR property tax exemption can continue to receive it. New applicants must apply to the state for the credit. The credit is available to households with annual income of $500,000 or less. If you are eligible, you will receive the credit in the form of a check. The dollar value of the credit will generally be the same as the property tax exemption.

What's the difference between the two reductions?

Exemptions
An exemption reduces your assessed value before your taxes are calculated.

Abatements
An abatement reduces your taxes after they have already been calculated.

Please visit www.nyc.gov/finance for the most up-to-date information about exemptions and abatements.

BUILDING EXEMPTIONS

421	J51
A partial property tax exemption for new construction of residential apartment buildings. This program is managed by the NYC Department of Housing Preservation and Development. The exemption is implemented by the Department of Finance.	A partial property tax exemption for the renovation of residential apartment buildings. This program is managed by the NYC Department of Housing Preservation and Development. The exemption is implemented by the Department of Finance.

ABATEMENTS

Co-op/Condo	J51
Decreases the amount of property taxes owed by owners of condominium and cooperative units. The building must apply for the entire development.	A partial property tax abatement for the renovation of residential apartment buildings. This program is managed by the NYC Department of Housing Preservation and Development. The abatement is implemented by the Department of Finance.
Solar Energy	**Green Roof**
Provides a property tax abatement to properties that use solar power through solar panels. This program is managed by the NYC Department of Buildings. The abatement is implemented by the Department of Finance.	A one-time property tax abatement for properties that have green roofs. This program is managed by the NYC Department of Buildings. The abatement is implemented by the Department of Finance.

5 step

Your Property Tax Bill

Here is an example of a property tax bill for a class 2 co-op with more than 10 units. Co-op owners do not receive this bill; it is mailed to the co-op board, which then allocates property taxes to each unit as part of their common charges.

Market Value

The Department of Finance assigns a market value to your property based on its income producing potential. We use statistical modeling and assessor reviews to assign estimated income and expenses to your property based on rental properties that are similar to yours in size, location, number of units, and age.

Assessed Value

Your assessed value is the lower of two numbers: your actual assessed value or your transitional assessed value.

Exemptions

The value of your exemptions is deducted from your assessed value.

NYC Department of Finance

November 18, 2023
Jane Taxpayer
123 Anywhere St.
0-12345-6789
Page 2

Billing Summary	Amount
Outstanding charges *(Sum of unpaid balance and interest fees from billing periods)*	$0.00
New charges *(Sum of new property taxes and other charges-see below for details)*	$5.66
AMOUNT DUE BY JANUARY 2, 2024	**$5.66**
The amount shown at the right includes the amount due this period plus your remaining property taxes, other charges, and any past-due amounts for the rest of the tax year, which ends on June 30. The amount shown includes a discount of $0.02 that you would receive if you pay by January 16, 2024.	$11.30

Your property details:

Estimated market value:	$38,902
Tax class:	2 - Residential More Than 10 Units
Prior year tax rate:	12.2670%
Current tax rate:	12.5020%
Exemptions:	
J-51 Alteration	$10,272.00

How we calculate your annual taxes:

Billable assessed value:	$15,082.00
minus exemptions:	– $10,272.00
times the current tax rate:	x 12.5020%
Annual property tax:	**$601.36**

Activity for This Billing Period (Due January 2, 2024)

Department of Finance charges

The charges below include property tax and other property-related charges. If you have questions, contact DOF at www.nyc.gov/dofcustomerservice.

	Activity Date	
Finance-Property Tax		$0.00
Adopted Tax Rate	01/01/2024	$5.66
Department of Finance Total		**$5.66**

Tax Rate

We calculate the amount you owe in property taxes by applying the city's tax rate, a percentage set each year by the city council, to your taxable value. Your property tax rate for the tax year (July 1 to June 30) is not finalized until November.

Annual Property Tax

If you receive any abatements, they are subtracted from the amount of your taxes to determine your final property tax bill.

review: how we calculate your property tax bill

ANNUAL PROPERTY TAX = {(ASSESSED VALUE MINUS EXEMPTIONS) (X) TAX RATE} MINUS ABATEMENTS

step 1 — MARKET VALUE:
The Department of Finance estimates a market value for your property based on its income producing potential.

step 2 — ACTUAL ASSESSED VALUE:
Market Value × 45% (level of assessment) = Assessed Value (buildings with 10 or fewer units are capped)

step 3 — TRANSITIONAL ASSESSED VALUE:
20% phase-in of assessment changes for properties with 11 or more units

step 4 — TAXABLE VALUE:
Assessed Value or Transitional Assessed Value – Exemptions = Taxable Value

step 5 — ANNUAL PROPERTY TAX:
Taxable Value × Tax Rate - Abatements

paying your property tax bill

Your property tax bill is based on your taxable value, including any changes by the NYC Tax Commission. (More information about the Tax Commission is available on page 18 of this guide.) Please note that co-op unit owners and renters do not pay the tax directly. It is included in their rent or as part of a co-op unit's common charges.

You can view and pay your property tax bill at www.nyc.gov/finance. You can pay by electronic check or by credit or debit card (please note there is a fee to use a card). You can also mail your payment. Be sure to follow the payment instructions on your bill.

Property tax bills are mailed quarterly for homes with an assessed value of $250,000 or less, and semiannually for homes assessed at more than $250,000. Quarterly bills are due on July 1, October 1, January 1, and April 1; your bill will generally be mailed a month before its due date. Semiannual bills are mailed a month before their January 1 and July 1 due dates.

PAYING PROPERTY TAXES THROUGH A BANK OR MORTGAGE SERVICING COMPANY?

You will not receive a property tax bill in the mail unless you are responsible for paying other charges, such as sidewalk or emergency repairs. These charges are not included in the payment made by your bank or mortgage company; you must pay them yourself.

notice of property value

NYC Department of Finance

NOTICE OF PROPERTY VALUE
Tax Year 2024-25
(This is not a bill.)

#511655874895127#

January 15, 2024

JANE TAXPAYER
100 E TAXPAYER ST
BROOKLYN, NY 11230

Owner(s)
Jane Taxpayer

Property Address
100 E Taxpayer St

Borough: 3 **Block**: 5200 **Lot**: 80

Tax Class: 2A **Building Class**: RR **Units**: 1 residential

YOUR NOTICE OF PROPERTY VALUE (NOPV) AT A GLANCE

2024-25 Market Value: $2,600,000

2024-25 Assessed Value: $1,100,000

Your property tax exemptions: NEW MULT DWELLINGS

See below for an estimate of your 2024-25 property tax.

WHAT IS THIS NOTICE?

This is your annual notice of property value, or NOPV. **It is not a bill, and no payment is required**. This notice will:

- Inform you of the assessed value of your property for tax year for 2024-25, and tell you how to challenge it if you believe there is a mistake.
- Explain how property taxes are calculated.
- Provide an estimate of your property tax for tax year 2024-25.

Please keep a copy of this notice with your records. You may also view your NOPV and property tax bills online at www.nyc.gov/nopv.

ESTIMATED 2024-25 PROPERTY TAX

We cannot calculate your 2024-25 property tax until the new tax rate is established by the city council. Until then, you will pay the 2023-24 rate. The table below estimates the amount you will owe by multiplying the taxable value of your property by the current tax rate of 12.502%. This table is provided for informational purposes only; the actual amount you owe may differ.

Please note that the coop-condo tax abatement is not included in this estimate. If you receive the coop-condo abatement, it will be subtracted from your property taxes. Check your July tax bill for the value of any abatements you receive.

Year	Taxable Value		Tax Rate		Estimated Property Tax
2024-25	$820,969	x	.12502	=	$102,637.54

KEY DATES

March 1, 2024
Last day to challenge your assessed value.
(See page 2.)

March 15, 2024
Last day to apply for a tax exemption.
(See page 3.)

April 1, 2024
Last day to request review of your market value.
(See page 2.)

July 1, 2024
2024-25 tax year begins.

To learn more, visit www.nyc.gov/nopv

Page 1

NOPV page 1

AN ANNUAL NOTICE WITH DETAILS ABOUT YOUR PROPERTY

One of the most important documents you will receive from the Department of Finance is the Notice of Property Value, or NOPV. Mailed to you each January, the NOPV will tell you our estimate of your property's market and assessed values.

In addition to your market and assessed values, the NOPV will list your current exemptions.

The NOPV is not a bill and does not require payment. You'll want to keep the notice on file and refer to it as needed throughout the year.

Here is an example of an NOPV for a class 2 property with 11 or more units:

WHAT'S CHANGED: COMPARING TAX YEARS 2023-24 AND 2024-25

	Current Year (2023-24)	Next Year (2024-25)	Change
Market Value	$X	$2,600,000	+/- $X
Assessment Percentage	45%	45%	- -
Actual Assessed Value	$X	$1,100,000	+/- $X
Transitional Assessed Value	- -	$1,000,000	- -
Exemption Value	$X	$200,000	+/- $X
Taxable Value	$X	$800,000	+/- $X

- **Market value** is the Department of Finance's estimated value for your property.
- **Assessment percentage** is a fixed percentage of market value. For class 2 properties, it is 45%.
- **Actual assessed value** is calculated by multiplying your market value by the assessment percentage.
- Changes to your assessed value are phased in over a five-year period. The **transitional assessed value** represents the changes being phased in for the coming tax year.
- **Exemption value** is the amount of the reduction in your assessed value as a result of any property tax exemptions you receive. The value shown above is your actual exemption value, but a transitional exemption value may be used to calculate your taxable value.
- **Taxable value** is the lower of the actual or transitional assessed value, minus the actual or transitional exemption value.

NOPV page 3

Market Value
The Department of Finance estimates a market value for your property based on its income producing potential. We use statistical modeling and assessor reviews to assign estimated income and expenses to your property based on rental properties that are similar to yours in size, location, number of units, and age.

Assessed Value
Once we have determined your property's market value, we calculate its actual assessed value. Assessed values are based on a set percentage of market value. For class 2, the assessment percentage is 45%; your market value is multiplied by 45% to arrive at the actual assessed value.

Exemptions
The NOPV lists the exemptions you currently receive and informs you of your exemption value—the reduction in assessed value as a result of your exemptions.

Taxable Value
The taxable value is your assessed value minus any exemptions you receive. For buildings with 11 or more units, the taxable value is your actual or transitional assessed value, whichever is lower, minus any exemptions you receive. The taxable value is the amount on which you are taxed.

Estimated Property Tax
The NOPV provides an estimate of your property tax for the next tax year. While this number is only an estimate, it can help you plan for the year ahead.

Transitional Assessed Value
If your property has 11 or more units, and your actual assessed value has increased, we will phase in the changes so that your taxable assessed value does not increase by more than 20% of the increase in one year.

Property Description
If you receive any abatements, they are subtracted from the amount of your taxes to determine your final property tax bill.

Property Identification: BBL
Every property in New York City has a unique identifier known as a borough-block-lot number, or BBL. The BBL acts as your account number with the Department of Finance and will appear on nearly every notice or statement you receive from us. Be sure to have your BBL on hand when you contact DOF—it will help us resolve your issue more quickly.

The borough number is always first:

1 = Manhattan   2 = Bronx   3 = Brooklyn   4 = Queens   5 = Staten Island

The block number is second:

It can be up to five digits.

The lot number is last:

It can be up to four digits.

appealing the assessed value on your NOPV

If you believe that we have set your assessed value too high, you have the right to appeal to the New York City Tax Commission, an independent city agency that has the authority to change your property's assessment value and tax class, and review exemption determinations. You do not need an attorney to file with the Tax Commission, and you are not required to attend an in-person hearing, though you may do so if you wish.

To file an appeal, visit the Tax Commission at www.nyc.gov/taxcommission. In the "Forms" tab, select the "General Instructions" link and review form TC 600, "How to Appeal a Tentative Assessment." Printed forms are available at DOF business centers and at the Tax Commission's office at 1 Centre Street, Room 2400, New York, NY 10007. (You will need a photo ID to enter the building.) The deadline to submit an appeal for your class 2 property is March 1. This means that the Tax Commission must receive your appeal by March 1—mailing your appeal on that date is not sufficient.

Owners of co-op, condo, and rental buildings file appeals on behalf of their entire buildings. Individual condo unit owners may also file separate appeals.

Please note that if you have a smaller class 2 property (10 units or fewer), you must prove that your property's value is less than its effective market value in order for the Tax Commission to lower your assessment. Your property's effective market value is its assessed value, before exemptions, divided by 45%.

If there is a factual error on your NOPV (for example, the description of your property is incorrect), please report it to the Department of Finance by filing a "request to update" form, available at www.nyc.gov/finance or by calling 311. If you disagree with the estimated market value on your NOPV, you can file a "request to review" form available at www.nyc.gov/finance or by calling 311. (But remember that filing either of these forms with DOF is not a substitute for appealing your assessed value with the Tax Commission.)

resources

OFFICE OF THE TAXPAYER ADVOCATE

If you have made a reasonable effort to resolve a tax issue with the Department of Finance but feel that you have not received a satisfactory response, the Office of the Taxpayer Advocate can help.

For assistance from the Office of the Taxpayer Advocate, visit www.nyc.gov/taxpayeradvocate and complete form DOF-911, "Request for Help from the Office of the Taxpayer Advocate." You may also contact the Office of the Taxpayer Advocate directly:

Call: (212) 748-4785
Fax: (646) 500-6907
Mail: NYC Office of the Taxpayer Advocate, 375 Pearl Street, 26th Floor, New York, NY 10038

THE NYC TAX COMMISSION

The New York City Tax Commission is an independent agency that has the authority to change your property's assessed value, tax class, and exemptions.

All appeal forms are available at the Tax Commission's website, www.nyc.gov/taxcommission. You may call the Tax Commission at (212) 669-4410.

your year in property taxes

JANUARY

DOF mails your Notice of Property Value.
Tentative assessment roll released.

FEBRUARY 15

Deadline to apply for co-op/condo abatement. Managing agents or condo boards apply on behalf of unit owners.

MARCH 1

Deadline to dispute your property's value with the NYC Tax Commission.

MARCH 15

Deadline to apply for personal exemptions.

MAY

Final assessment roll released.

JUNE

You receive your first property tax bill for the tax year that begins July 1.

JULY 1

A new tax year starts; you're taxed at the previous year's tax rate, if the rate for the new tax year has not been adopted by June 6.

NOVEMBER

The city council votes on the tax rates and the mayor signs off on them. Frequently, because of policy decisions to modify the tax levy class share distribution, the tax rates are not finalized until November. Because we're almost halfway through the tax year from when these rates apply, your taxes for the first part of the year are re-calculated at the new rate.