NYC RESIDENTIAL property taxes

class two

coops
condos
rentals
4+ units

Department of Finance

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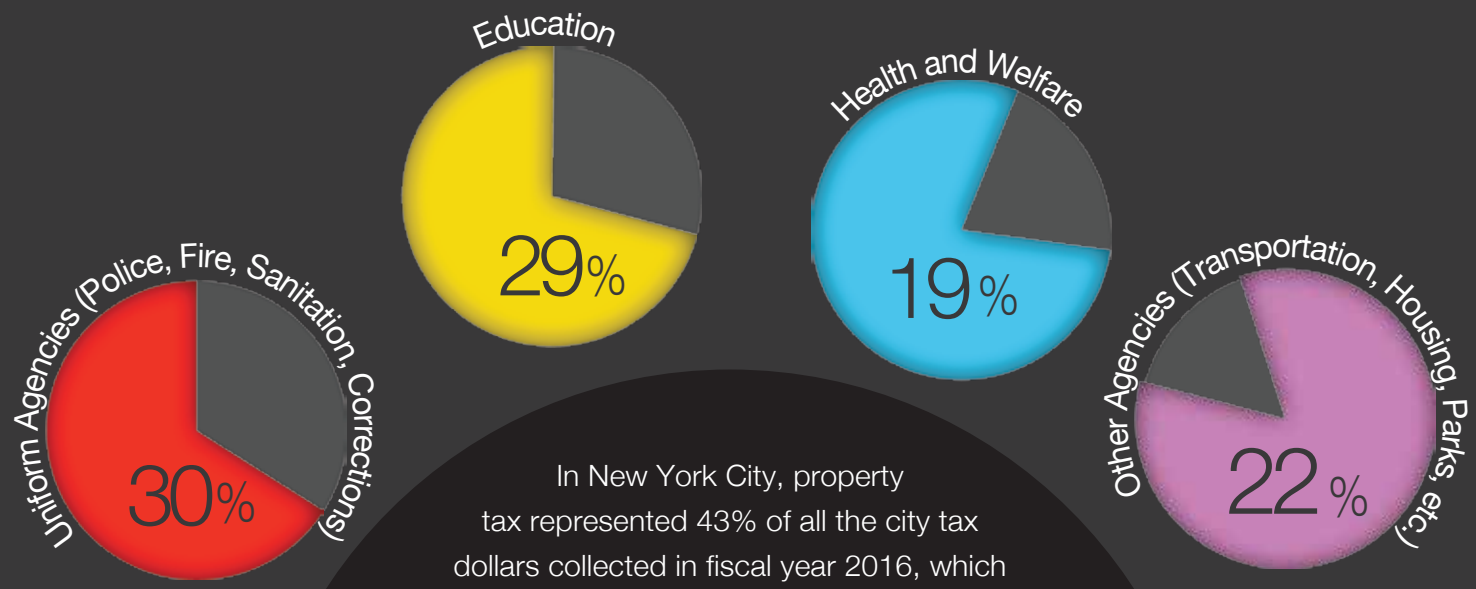
WHERE DO YOUR tax dollars go?



In New York City, property tax represented 43% of all the city tax dollars collected in fiscal year 2016, which ended on June 30, 2016. This chart shows how all city tax dollars were spent.

how we get to your property tax bill

HERE IS THE FORMULA FOR DETERMINING THE TAXES FOR YOUR CLASS 2 PROPERTY:
ANNUAL PROPERTY TAX = {(ASSESSED VALUE MINUS EXEMPTIONS) (X) TAX RATE} MINUS ABATEMENTS

This formula consists of 5 steps:

1 step

DETERMINE MARKET VALUE

We generally value your Class 2 property based on its income earning potential.

2 step

DETERMINE ASSESSED VALUE

Market Value X 45% (level of assessment) = Assessed Value
(except for buildings with 10 units or fewer where increases on Assessed Value are capped)

3 step

DETERMINE TRANSITIONAL ASSESSED VALUE

20% phase-in of assessment changes for properties with 11 units or more

4 step

APPLY EXEMPTIONS ON FILE

Assessed Value or Transitional Assessed Value — exemptions (reductions to assessment)
= Taxable Value

5 step

PROPERTY TAX BILL

Taxable Value X tax rate — abatements (reductions to the tax) = Property Tax

step 1

Market Value —Valuing Your Property

Finance assigns Market Values to all properties in New York City – approximately 1,045,000 properties each year. Market Value is the worth of your property determined by Finance based on your property's classification and requirements set out in N.Y. State Law.

PROPERTY TAX CLASSES

Property in New York City is divided into different classes, each treated differently under the law. The type of property you own determines your class and how property value is assessed.

One- to three-unit residential properties

Residential property with more than 3 units including cooperatives & condominiums

Utility company equipment and special franchise property

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

Tax classes each pay a different share of property tax in New York City. Each class's portion of property tax is called its 'class share'. N.Y. State law sets limits on how much class shares can rise annually. The City Council can request that the State Legislature lower these increases. Once they are set for the year, class shares are then used to determine the tax rates for each class.

FISCAL YEAR 2017	CLASS 1	CLASS 2	CLASS 3	CLASS 4
Tax Rates	19.991%	12.892%	10.934%	10.574%
Market Value	45.63%	24.19%	3.17%	27.01%
% of City Property Taxes Paid	15.03%	36.55%	6.04%	42.38%

Note: These values are approximate. Fiscal Year 2017 is July 1, 2016 - June 30, 2017.

class 2 market values

N.Y. State Law mandates that we value all Class 2 properties as income producing, based on their income and expenses. This means that when you see the Market Value that we assign to your property, it may not look like what you would expect its sales price to be.

To get to your Market Value, we use a statistical model as a tool to find typical income and expenses for properties similar to yours (in terms of size, location, number of units and age). Next, we apply a formula to the income data to get to your Market Value.

Class 2 properties include rental buildings, condominiums and cooperatives. All are valued as if they are income producing properties. There are variations in how we determine your Market Value depending on whether you live in a larger condo or co-op with 11 units or more, or a smaller building with 10 units or fewer.

LARGER RENTAL BUILDINGS

Most rental building owners are legally required to file an annual Real Property Income and Expense (RPIE) statement. To determine a rental property's Market Value, we use income and expense information filed by owners to estimate your property's current net income (income after expenses). Our net income estimates include 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 generate your Market Value. The capitalization rate is the expected rate of return based on the income generated by your building. You can find your estimated income, expenses, and the capitalization rate on our website at nyc.gov/finance.

LARGER CONDOS AND CO-OPS – 11 UNITS OR MORE

State Law mandates that condos or co-ops be valued as rental buildings. Your co-op or condo is owned by unit. We have to value your building as if it were income-producing, so we do not start with your unit's value. Instead, we compare your building to similar rental buildings. We use statistical modeling techniques to assign estimated income and expenses to your property based on rental properties that are similar to yours in terms of size, location, number of units and age. We then apply a capitalization rate to the estimated net income (income after expenses). The capitalization rate is the expected rate of return based on the income assigned to your property. You can find the comparable properties we selected and used to produce your Market Value at nyc.gov/finance. You can also view the estimated income, expenses and capitalization rate.

CO-OPS: Your building receives a Market Value for the entire building. You can view the Market Value for your building at nyc.gov/finance.

CONDOS: We first determine Market Value for your entire building. Based on the unit allocation factor that your condo board has given us for your unit, we determine the Market Value for your unit. If you live in a newer building, the unit allocation factor is usually what was 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 (RPIE) statement, the valuation approach is simplified using the Gross Income Multiplier method (GIM):

- Estimate the typical income per square foot generated by comparable rental properties.
- Generate a total income for the building by multiplying the income per square foot by the building's total square footage.
- Multiply 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 Assessed Value — Assessing your Property

Once we've determined your Market Value, we calculate your 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 Assessed Value.

CLASS 2 PROPERTIES WITH 10 UNITS OR FEWER:

There is another factor that affects the calculation of Assessed Value for Class 2 buildings with 10 units or fewer: State law limits how much the Assessed Value of a smaller Class 2 building (Class 2a, b or c) in New York City can go up each year. It cannot go up more than 8% from the year before 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 2a, b and c properties are lower than the 45% assessment percentage. This means that it can take many years for Assessed Values to catch up with changes to Market Value. You may find that even when your Market Value goes down, your Assessed Value continues to go up because it is still less than 45% of your current Market Value. Please note that physical changes to your property are not capped the same way. They are applied in full to your Market Value, and then generally assessed at 15% of the increase.

You can find more information about caps on Assessed Values in the Class 1 Property Tax Guide, available at nyc.gov/finance.

3 step Transitional Assessed Value – For Class 2 Properties With 11 Units or More

Another factor that affects the calculation of your Assessed Value is a State law requirement 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 out over a five-year period. In any given year, there are multiple transitions being applied which results in an Assessed Value and a Transitional Assessed Value for your property each year. The law requires that we use whichever number is lower — your Assessed Value or Transitional Assessed Value — to get to your property tax bill. 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

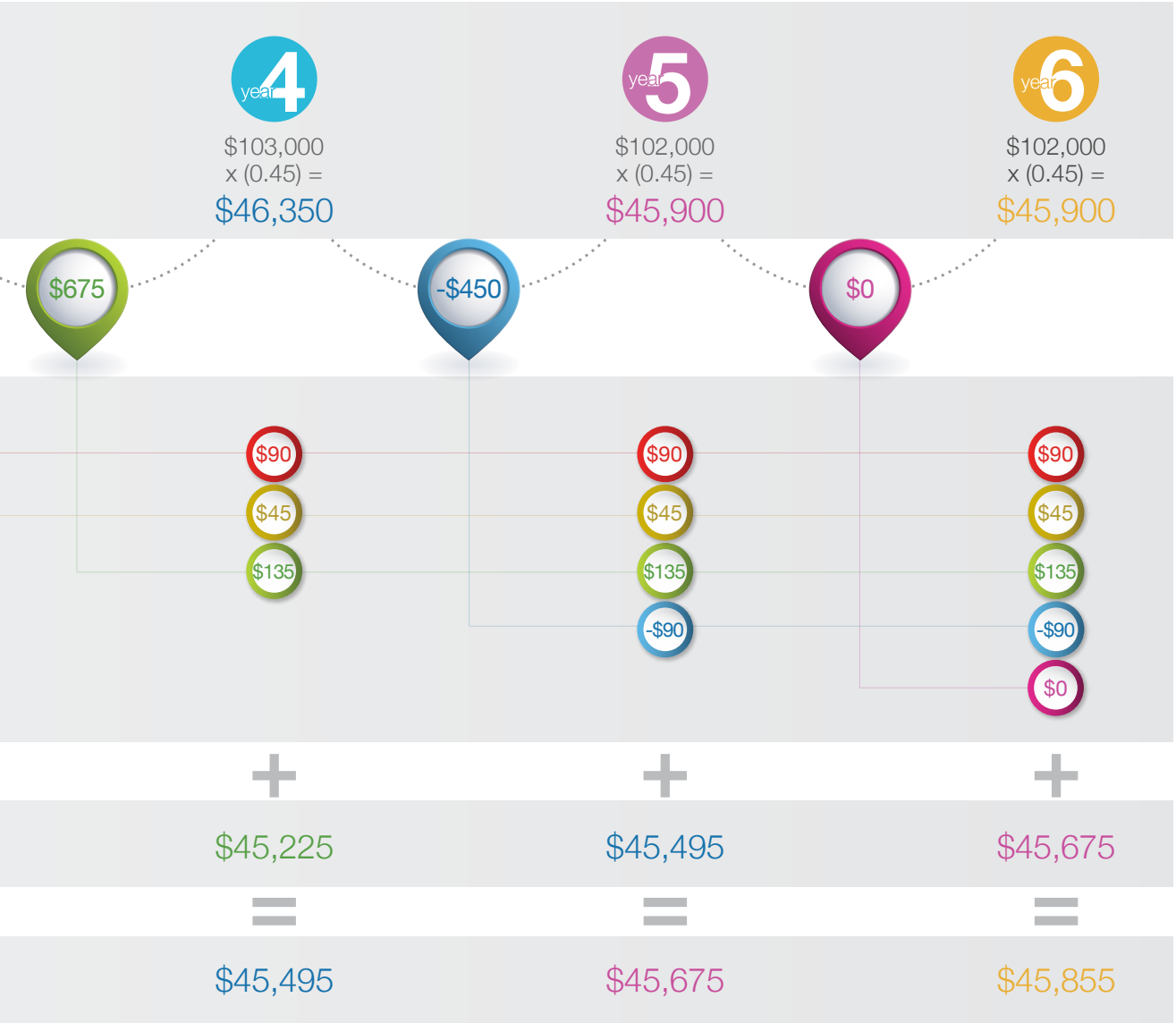
Here's a detailed example of how transitional assessments are phased in – 20% of the change to your annual Assessed Value is applied each year, over a

	1 year	2 year	3 year
Property Market Value Class 2 Assessment %	$100,000 x (0.45) =	$101,000 x (0.45) =	$101,500 x (0.45) =
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 ASSESSED VALUE		$45,000	$45,090
		=	=
TRANSITIONAL ASSESSED VALUE	$45,000	$45,090	$45,225

transitional assessed value

CLASS 2 PROPERTIES WITH 11 UNITS OR MORE

five year period. Remember, the law requires that we use whichever is lower – the Assessed Value or Transitional Value – to get to 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 unit. Every year, Finance tells co-op boards which units have personal exemptions; the boards allocate these benefits to co-op units as part of the common charges. The property tax bill you receive in June shows exemptions and abatements you have for the coming tax year, which starts on July 1.

- The deadline to apply for personal exemptions is March 15 for your exemption to begin on July 1 in the same year.
- The deadline to apply for the co-op/condo abatement is February 15 for your abatement to begin on July 1 in the same year.

PERSONAL EXEMPTIONS

STAR (School Tax Relief) Basic STAR	Enhanced STAR	SCHE (Senior Citizen Homeowners Exemption)	DHE (Disabled Homeowners Exemption)
Available to all owners of houses, co-ops and condos with annual adjusted gross income of $500,000 or less, as long as at least one owner uses the property as his or her primary residence. No age requirement.	Available to seniors (age 65 or over) with annual incomes of $86,000 or less.	Available to seniors (age 65 or over) with annual incomes of less than $37,400.	Available to home-owners with disabilities and annual incomes of less than $37,400.

Veterans Exemption	Disabled Crime Victim & Good Samaritan Exemption	Clergy Exemption
Available to veterans of the U.S. military who served during designated periods of conflict, spouses, widows/widowers of eligible veterans, and Gold Star parents (i.e., parents of soldiers killed in combat).	Available to crime victims who suffered a disability as a result of the crime and Good Samaritans who suffered a disability while trying to prevent a crime or assist a victim. Police officers are not eligible. Eligible applicants must modify their homes to accommodate the disability.	Available to members of the clergy whose principal work is ministerial, retired members of the clergy, and widows/ widowers of clergy members. The clergy member, not the religious organization, must own the home.

Want to Apply for an Exemption? Learn More About Abatements?

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.

Exemptions & Abatements — What They Are & Who Can Apply

Exemption and abatement eligibility requirements and benefits can change by law. Please visit nyc.gov/finance for a full list of exemptions and abatements, the most up to date information, and to download applications.

BUILDING EXEMPTIONS

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

ABATEMENTS

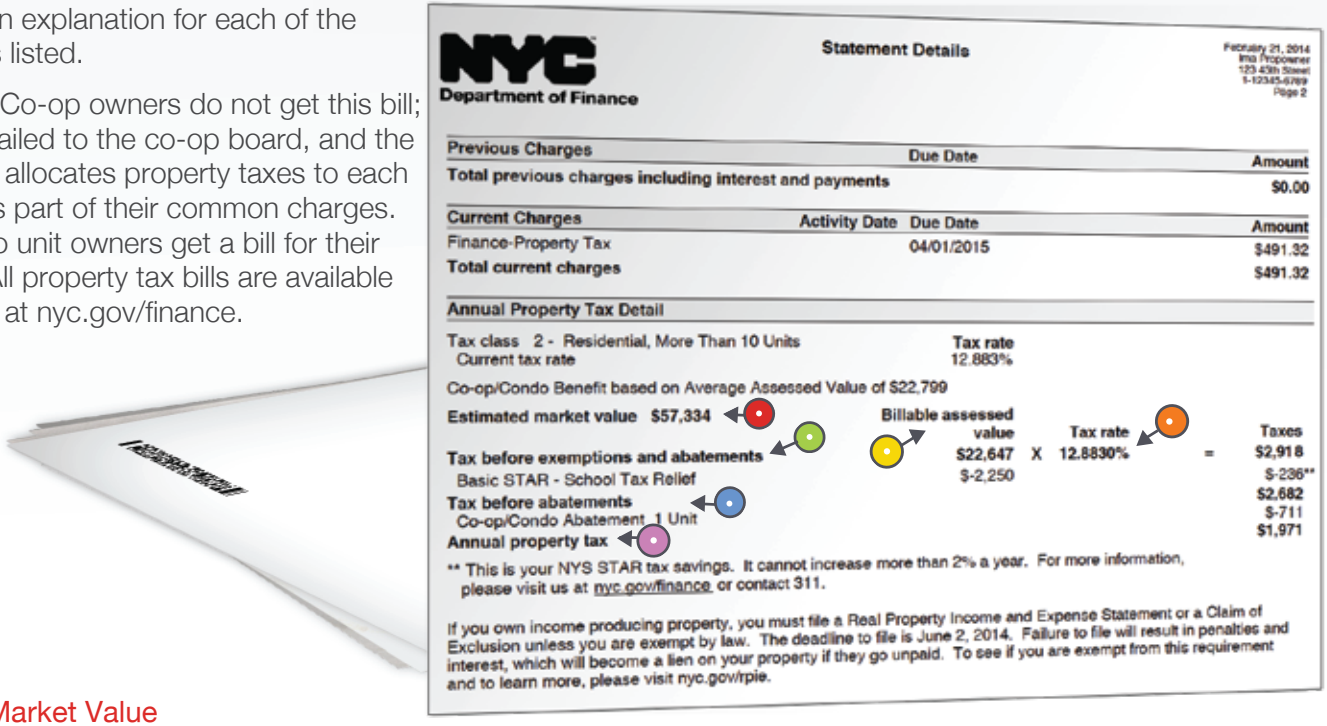
Co-op/Condo	J51
Decreases the amount of property taxes owed for owners of condominium and cooperative units. The building must apply for the entire development.	A partial property tax abatement for renovation of residential apartment buildings. This program is managed by the NYC Dept. of Housing Preservation and Development.
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 Dept. of Buildings.	A one-time property tax abatement for properties that have green roofs. This program is managed by the NYC Dept. of Buildings.

Check Your Property's Exemptions and Abatements? Visit nyc.gov/finance.

step 5 Your Property Tax Bill — Class 2

Here is an example of a Property Tax Bill for a Class 2 co-op with more than 10 units, along with an explanation for each of the values listed.

Note: Co-op owners do not get this bill; it is mailed to the co-op board, and the board allocates property taxes to each unit as part of their common charges. Condo unit owners get a bill for their unit. All property tax bills are available online at nyc.gov/finance.



NYC Department of Finance

Statement Details

February 21, 2014
Ima Propowner
123 45th Street
1-12345-6789
Page 2

Previous Charges	Due Date	Amount
Total previous charges including interest and payments		$0.00

Current Charges	Activity Date	Due Date	Amount
Finance-Property Tax		04/01/2015	$491.32
Total current charges			$491.32

Annual Property Tax Detail

Tax class 2 - Residential, More Than 10 Units Current tax rate		Tax rate 12.883%				
Co-op/Condo Benefit based on Average Assessed Value of $22,799						
Estimated market value $57,334						
Tax before exemptions and abatements		Billable assessed value $22,647	X	Tax rate 12.8830%	=	Taxes $2,918
Basic STAR - School Tax Relief		$-2,250				$-236**
Tax before abatements						$2,682
Co-op/Condo Abatement 1 Unit						$-711
Annual property tax						$1,971

** This is your NYS STAR tax savings. It cannot increase more than 2% a year. For more information, please visit us at nyc.gov/finance or contact 311.

If you own income producing property, you must file a Real Property Income and Expense Statement or a Claim of Exclusion unless you are exempt by law. The deadline to file is June 2, 2014. Failure to file will result in penalties and interest, which will become a lien on your property if they go unpaid. To see if you are exempt from this requirement and to learn more, please visit nyc.gov/rpie.

Market Value
Finance values your property based on its income producing potential.

Assessed Value
Your Assessed Value is taken from whichever is lower: your Market Value times 45% or the transitional amount.

Exemptions
The value of exemptions is deducted from the assessed value.

Taxable Value
The Taxable Value is the assessed value minus the exemptions.

Tax Rate
The City's approved tax rate for Class 2 properties is applied to the taxable value to calculate your property tax. Your property tax rate for the tax year (July 1 – June 30) is not finalized until November. That is why you see two tax rates here: Your July and October bills had the tax rate from the prior year applied. The bill shown here, due in January, shows the new tax rate that was finalized in November.

Annual Property Tax
If you have any abatements, they are applied and subtracted from the amount of your taxes to determine your final property tax bill.

Look up your property tax bill at nyc.gov/finance.

Review of How We Get To Your Property Tax Bill

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

1 step

MARKET VALUE:
$57,334

2 step

ASSESSED VALUE: Market Value (x) 45% (level of assessment) = Assessed Value (except for buildings with 10 units or fewer, which are capped)
$25,800

3 step

TRANSITIONAL ASSESSED VALUE: 20% Phase-in of Assessment Changes for properties with 11 or more units
$22,647

4 step

EXEMPTIONS: Assessed Value or Transitional Assessed Value minus exemptions (reductions to assessment) = Taxable Value
$22,647-$1,832* = $20,815

5 step

ANNUAL PROPERTY TAX: Taxable Value X Tax Rate** less Abatements
$20,815 X 12.883% less Abatements of $711= $1,971

**STAR Exemption can only go up by 2% per year*
***Tax rate for 2015/16 tax year; rates vary from year to year*

paying your property tax bill

Remember that your property tax bill is based on your assessment, including any change(s) by the NYC Tax Commission. Please note that co-op 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.

Once you receive your bill, we suggest you carefully review it. For your convenience, you can view your property tax bills online at nyc.gov/finance and pay your property tax online using home banking, either through your bank or an online bill pay website. 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 to us. Be sure to follow the payment instructions that are on your bill.

Here's what you can expect in terms of payment schedule:

- **QUARTERLY PAYMENTS:** All properties with an Assessed Value of $250,000 or less must make tax payments four (4) times a year. Quarterly bills are usually sent one month before taxes are due; due dates are July 1st, October 1st, January 1st and April 1st.
- **SEMI-ANNUAL PAYMENTS:** All properties with an Assessed Value of more than $250,000 must make tax payments two (2) times a year. Semi-annual property tax bills are usually sent one month before taxes are due on July 1st and January 1st.

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 and 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

YOUR ANNUAL NOTICE WITH DETAILS ABOUT YOUR PROPERTY

By law, all properties are valued according to the property's physical condition as of January 5. Later in January, we mail New York City property owners a Notice of Property Value (NOPV).

You will find that the NOPV has important detailed information about your property, including Finance's estimate of your property's Market and Assessed Values. Keep in mind that the NOPV is not a tax bill and does not require a payment. The information will be used for the tax year that begins on July 1.

The NOPV also lists any exemptions you have in the current tax year and may list some of your exemptions for the next tax year depending on when you applied for them.

Please note that co-op unit owners do not get an NOPV for units; the co-op board gets the NOPV for the building. Condo unit owners receive an NOPV for their unit. All NOPVs can be viewed online at nyc.gov/finance. If your property is classified as Class 2a, 2b or 2c, refer to the Class 1 Property Tax Guide to learn more about your NOPV.

Here is an example of an NOPV for a Class 2 Condo in a building with 11 units or more.

Market Value

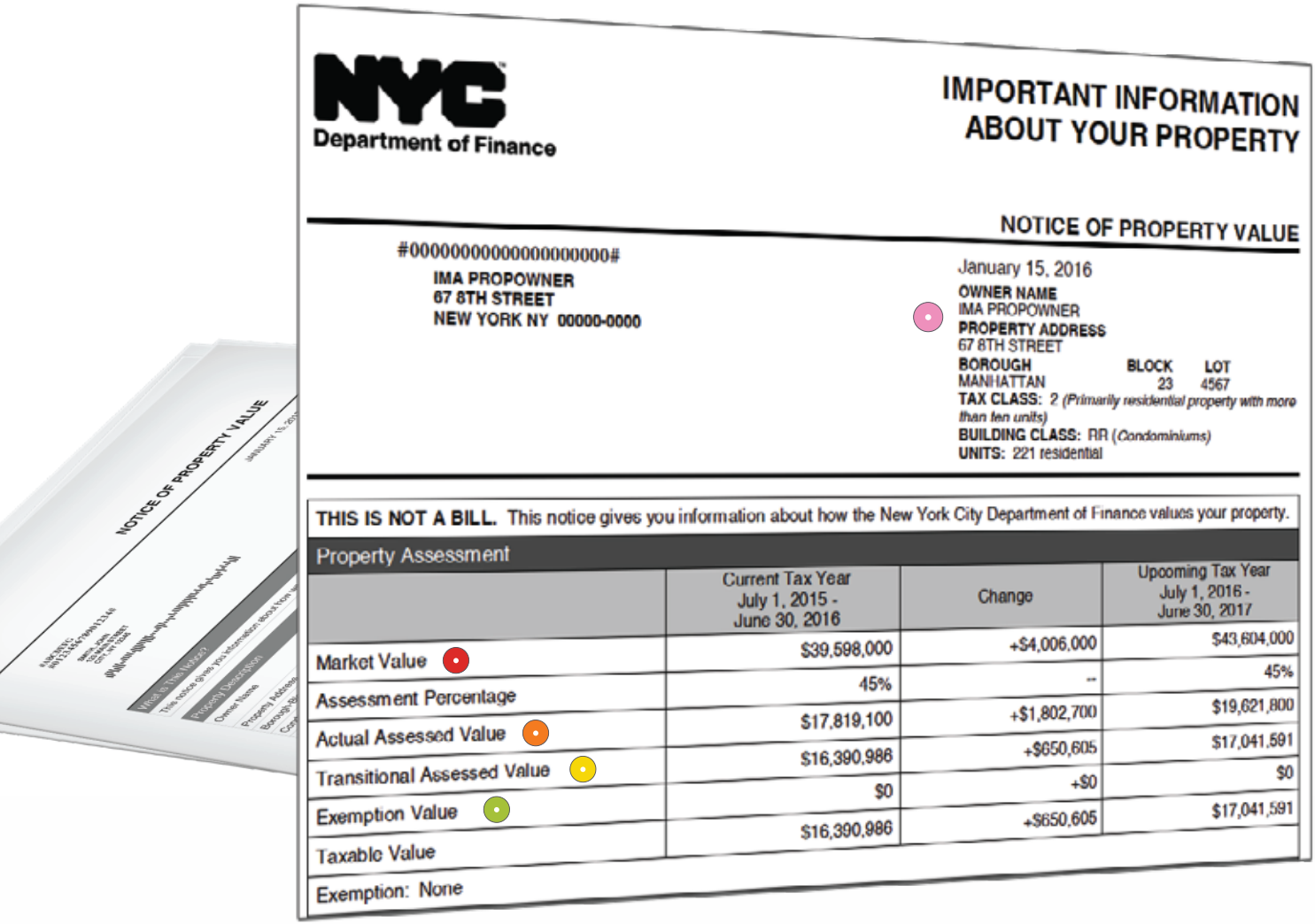
We have to value your building as if it were income-producing, so we do not start with your unit's value. Instead, we compare your building to similar rental buildings. We use statistical modeling techniques to assign estimated income and expenses to your property based on rental properties that are similar to yours in terms of size, location, number of units and age.

Actual Assessed Value

Your Assessed Value is taken from whichever is lower: your Market Value times 45%, or the transitional amount. For more detailed information on Assessed Value, please go to page 7.

Transitional Value

We apply 20% of the full Assessed Value change each year for five years unless there has been a physical improvement. In any given year, there are five years of transitions being applied.



NYC Department of Finance

IMPORTANT INFORMATION ABOUT YOUR PROPERTY

NOTICE OF PROPERTY VALUE

#000000000000000000000#
IMA PROPOWNER
67 8TH STREET
NEW YORK NY 00000-0000

January 15, 2016
OWNER NAME
IMA PROPOWNER
PROPERTY ADDRESS
67 8TH STREET
BOROUGH MANHATTAN | BLOCK 23 | LOT 4567
TAX CLASS: 2 (Primarily residential property with more than ten units)
BUILDING CLASS: RR (Condominiums)
UNITS: 221 residential

THIS IS NOT A BILL. This notice gives you information about how the New York City Department of Finance values your property.

Property Assessment

	Current Tax Year July 1, 2015 - June 30, 2016	Change	Upcoming Tax Year July 1, 2016 - June 30, 2017
Market Value	$39,598,000	+$4,006,000	$43,604,000
Assessment Percentage	45%	--	45%
Actual Assessed Value	$17,819,100	+$1,802,700	$19,621,800
Transitional Assessed Value	$16,390,986	+$650,605	$17,041,591
Exemption Value	$0	+$0	$0
Taxable Value	$16,390,986	+$650,605	$17,041,591
Exemption: None			

Property Description

Basic property information: ownership, description, classification and BBL.

Property Identification: BBL

Each property in New York City is identified by a set of three numbers called the Borough, Block, and Lot (BBL). BBLs are used to identify real estate for taxes, zoning, construction, and other purposes. Finance uses these numbers on most property correspondence. Be sure to have your BBL on hand when you contact Finance — it will help 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 5 digits.

The Lot number is last

It can be up to 4 digits.

Exemptions

Your exemptions are listed here. Exemptions reduce your Assessed Value before your taxes are calculated.

WHAT TO DO IF YOU THINK YOUR NOTICE OF PROPERTY VALUE

has wrong information

If you believe that the Assessed Value determined for your property is too high, you have the right to appeal to the NYC Tax Commission, an independent City agency. The Tax Commission has the authority to change your property's tax class, reduce its assessment, and adjust exemptions. You do not need an attorney to file with the Tax Commission, and you are not required to attend a personal hearing (unless you wish to do so).

- The application forms to file an appeal with the Tax Commission must be received by March 1st and can be found by visiting the Tax Commission's website: nyc.gov/html/taxcomm.
- Co-ops, condos and rental buildings appeal their assessments together as a building or development. However, condo units can also file separately.
- Please note that if you have a smaller Class 2 property with 10 units or fewer, you must prove that your property's value is less than its Effective Market Value for the Tax Commission to lower your assessment. Please refer to the Class 1 Property Tax Guide for more information about Effective Market Value.
- If you wish to let us know about a discrepancy regarding your property (for example, the description of your property is not correct), you may file a form to request an update with Finance. For your tax class, this form must be filed by March 1st and can be found on our website, nyc.gov/finance, between mid-January and the March 1st deadline.
- It is important to remember that filing this form with Finance is not a substitute for appealing your Assessed Value with the Tax Commission.

your year in property taxes

JANUARY

Finance mails your Notice of Property Value.

FEBRUARY

Deadline to apply for co-op/condo abatement.

MARCH 1

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

MARCH 15

Deadline to apply for personal exemptions.

MAY

Finance releases the final assessment roll and generates property tax bills for the next tax year that begins on July 1.

JUNE

You receive your first property tax bill for the tax year that begins the next month, July.

JULY 1

A new tax year starts; you are taxed at the previous year's tax rate.

NOVEMBER

The City Council approves the tax rates and the Mayor signs off on them. They are usually finalized in November when class shares are determined. Because we are almost halfway through the tax year by November, your taxes for the first part of the year are re-calculated at the new rate.

Department of Finance

Rev. 01.13.17