NYC RESIDENTIAL property taxes

class one

one two three family homes

Department of Finance

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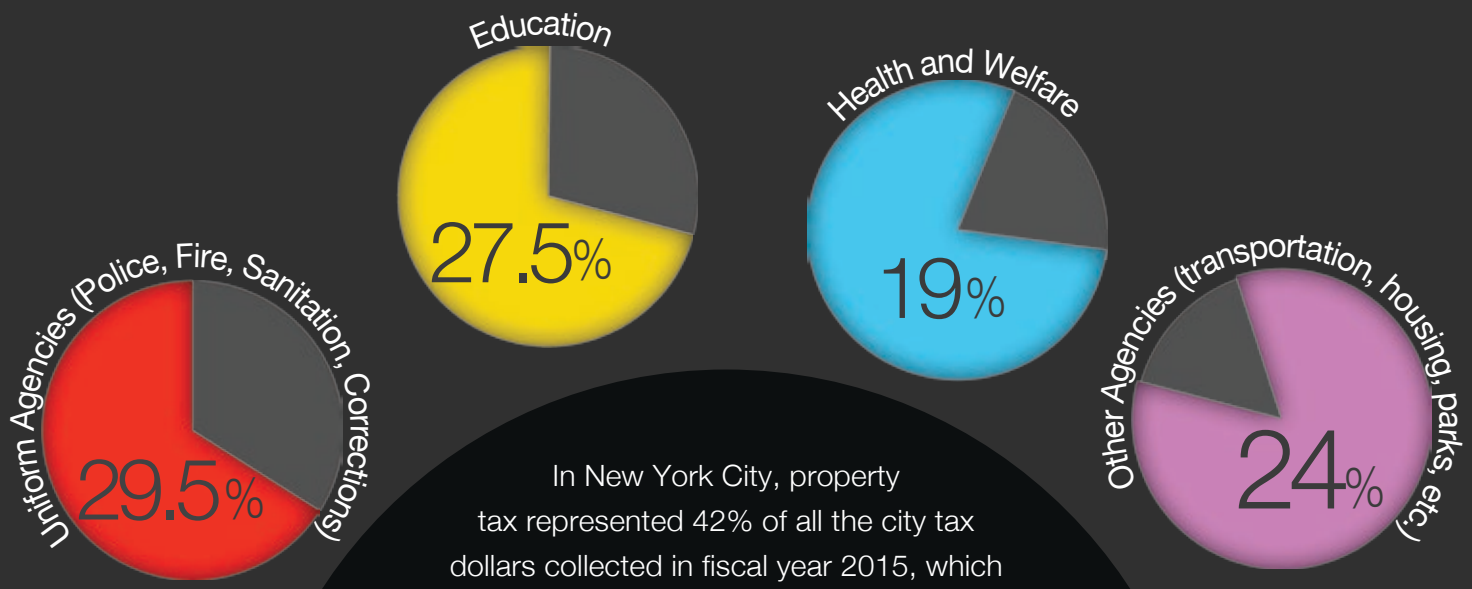
WHERE DO YOUR tax dollars go?



In New York City, property tax represented 42% of all the city tax dollars collected in fiscal year 2015, which ended on June 30, 2015. 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 1 PROPERTY:
ANNUAL PROPERTY TAX = {(ASSESSED VALUE MINUS EXEMPTIONS) (X) TAX RATE} MINUS ABATEMENTS

This formula consists of 4 steps:

1 step

DETERMINE MARKET VALUE

We value your Class 1 property based on prices of similar properties that sold in your neighborhood.

2 step

DETERMINE ASSESSED VALUE

Market Value X level of assessment (modified by caps on assessment increases) = Assessed Value

3 step

APPLY EXEMPTIONS ON FILE

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

4 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 New York 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. We assign a market value to your Class 1 property using statistical modeling to analyze prices of similar properties that sold in your neighborhood in the prior three years. Similar properties have a similar size and location to yours.

One- to three-unit residential properties

Utility company equipment and special franchise property

Residential property with more than 3 units including cooperatives & condominiums

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'. NY 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. Even though Class 1 properties' market value is about 46% of the market value of all taxable property in the City, Class 1 taxpayers pay about 15.5% of the City's property tax.

FISCAL YEAR 2016	CLASS 1	CLASS 2	CLASS 3	CLASS 4
Tax Rates	19.554%	12.883%	10.813%	10.656%
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 2016 is July 1, 2015 - June 30, 2016.

2 step Assessed Value — Assessing your Property

Once we have determined your market value, we calculate your assessed value. Assessed values are based on a set percentage of market value. For class 1, the assessment percentage is 6% - so your market value is multiplied by 6% to arrive at assessed value.

There is another factor that affects the calculation of assessed value: State law limits how much the assessed value of a class 1 property in New York City can go up each year. It cannot go up more than 6% from the year before or 20% over five years. Therefore, your assessed value will be whichever is lower: 6% of your market value, or the capped amount. Because of the caps, most assessed values for class 1 properties are lower than the 6% assessment percentage. This means that it can take many years for assessed values to catch up with 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 6% of your current market value. If your market value were to double, it would take 18 years for your assessed value to reach 6% of the market value.

HOW THE 6% CAP WORKS

Here's an example of how the cap on assessment increases works.

EXAMPLE OF A 1-3 FAMILY HOME	YEAR 1	YEAR 2	YEAR 3
Market Value	100,000	150,000	140,000
Assessed Value if increases were not capped	6,000	9,000	8,400
Assessed Value with Caps on Increases	6,000	6,360	6,741

3 step Exemptions—Reducing your property tax

The City and State of New York offer a number of Property Tax Exemptions to residential property owners. The property tax bill you receive in June shows exemptions and abatements that you have for the coming tax year, which starts on July 1. The deadline to apply for exemptions is March 15 for your exemption to begin on July 1 in the same year. Please note that we are focusing on exemptions in this section because abatements are mainly for other property tax classes.

Want to Apply for an Exemption? Learn More About Abatements?
See Your Property's Exemptions and Abatements? Visit nyc.gov/finance

Exemptions — What They Are, Who Can Apply, What You Can Save.

	STAR (School Tax Relief) Basic STAR	Enhanced STAR	Senior Citizen Homeowners' Exemption (SCHE)	Disabled Homeowners' Exemption (DHE)
ELIGIBILITY	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 $84,550 or less. To apply for either Basic or Enhanced STAR complete and submit an Exemption Application for Owners.	Available to seniors (age 65 or over) with annual incomes of less than $37,400. To apply, complete and submit an Exemption Application for Owners.	Available to home-owners with disabilities that have annual incomes of less than $37,400. To apply, complete and submit an Exemption Application for Owners.
BENEFIT	Tax savings: approximately $300/year.	Tax savings: approximately $600/year.	Reduces Assessed Value by 5 – 50%, depending on income. Tax savings vary based on the level of benefit and Assessed Value.	Reduces Assessed Value by 5 – 50%, depending on income. Tax savings vary based on the level of benefit and Assessed Value.

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've already been calculated.

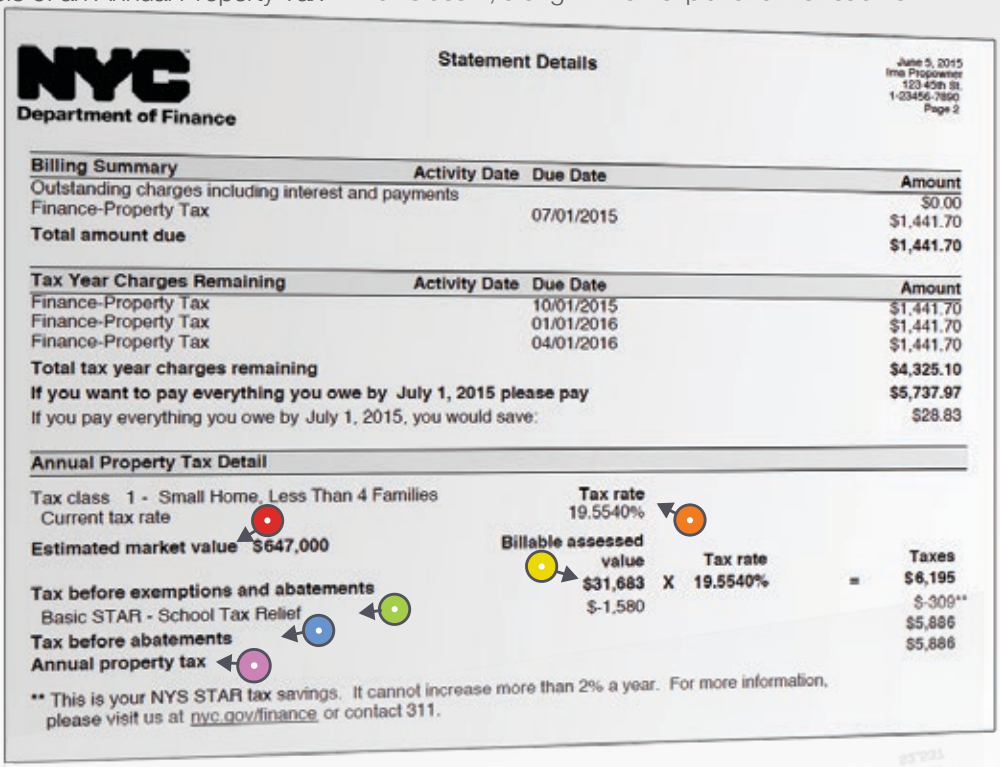
The exemption eligibility requirements and benefits can change by law.
Please visit nyc.gov/finance for the most up to date information about exemptions.

	Veterans Exemption	Disabled Crime Victim and Good Samaritan Exemption	Clergy Exemption
ELIGIBILITY	Available to veterans of US military who served during designated periods of conflict, their spouses, widows/ widowers of eligible veterans, and Gold Star parents (e.g., parents of soldiers killed in combat). To apply, complete and submit an Exemption Application for Owners.	Tax relief 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 the victim. Police officers are not eligible. Eligible applicants must modify their homes to accommodate the disability. To apply, complete and submit a Crime Victim/Good Samaritan Exemption Application.	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 home. To apply, complete and submit a Clergy Exemption Application.
BENEFIT	Level of benefit depends on whether the veteran served in a combat area and/or was disabled during service. Tax savings vary based on the level of benefit and assessed value.	Compensates the home-owner for cost of renovations to home to accommodate disability.	Reduces assessed value of home by $1,500. Tax savings: approximately $256/year

4 steps

Your Annual Property Tax Bill — Class 1

Here's an example of an Annual Property Tax Bill for Class 1, along with an explanation for each of the values listed.



NYC Department of Finance

Statement Details

June 5, 2015
Ima Propowner
123 45th St.
1-23456-7890
Page 2

Billing Summary	Activity Date	Due Date	Amount
Outstanding charges including interest and payments			$0.00
Finance-Property Tax		07/01/2015	$1,441.70
Total amount due			**$1,441.70**

Tax Year Charges Remaining	Activity Date	Due Date	Amount
Finance-Property Tax		10/01/2015	$1,441.70
Finance-Property Tax		01/01/2016	$1,441.70
Finance-Property Tax		04/01/2016	$1,441.70
Total tax year charges remaining			**$4,325.10**
If you want to pay everything you owe by July 1, 2015 please pay			**$5,737.97**
If you pay everything you owe by July 1, 2015, you would save:			$28.83

Annual Property Tax Detail

Tax class 1 - Small Home, Less Than 4 Families		Tax rate			
Current tax rate		19.5540%			
Estimated market value	**$647,000**	**Billable assessed value**	**Tax rate**		**Taxes**
Tax before exemptions and abatements		**$31,683**	**X 19.5540%**	=	**$6,195**
Basic STAR - School Tax Relief		$-1,580			$-309**
Tax before abatements					$5,886
Annual property tax					$5,886

** 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.

Market Value
Finance values your property based on three years of comparable sales using statistical modeling.

Assessed Value
Your assessed value is taken from whichever is lower: your market value times 6%, or the capped amount.

Exemption Value
The value of exemptions that are deducted from the assessed value.

Taxable Value
The taxable value is the assessed value minus the exemption value.

Tax Rate
The City's approved property tax rate for class 1 property; applied to the taxable value to calculate your property tax. Your property tax rate isn't finalized until your class share is determined each year.

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:**
$647,000

2 steps **ASSESSED VALUE:** Effective Market Value X level of assessment (modified by caps on assessment increases) $31,683

3 steps **EXEMPTIONS:** Assessed Value – Exemptions = Taxable Value
$31,683 -$1,580 = $30,103

4 steps **ANNUAL PROPERTY TAX:** Taxable Value X Tax Rate* - Abatements
$30,103 X 19.5540% = $5,886

**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. 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.

How can you pay? You can pay 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. Carefully 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 property tax bills are mailed four times a year. They 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 mailed twice a year, usually a 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're 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 these yourself.

notice of property value

YOUR ANNUAL NOTICE WITH DETAILS ABOUT YOUR PROPERTY

All properties are valued by law according to the property's physical condition as of January 5. Shortly after, we mail New York City property owners a Notice of Property Value (NOPV).

You'll 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.

Here's an example of a NOPV for Class 1.

Market Value

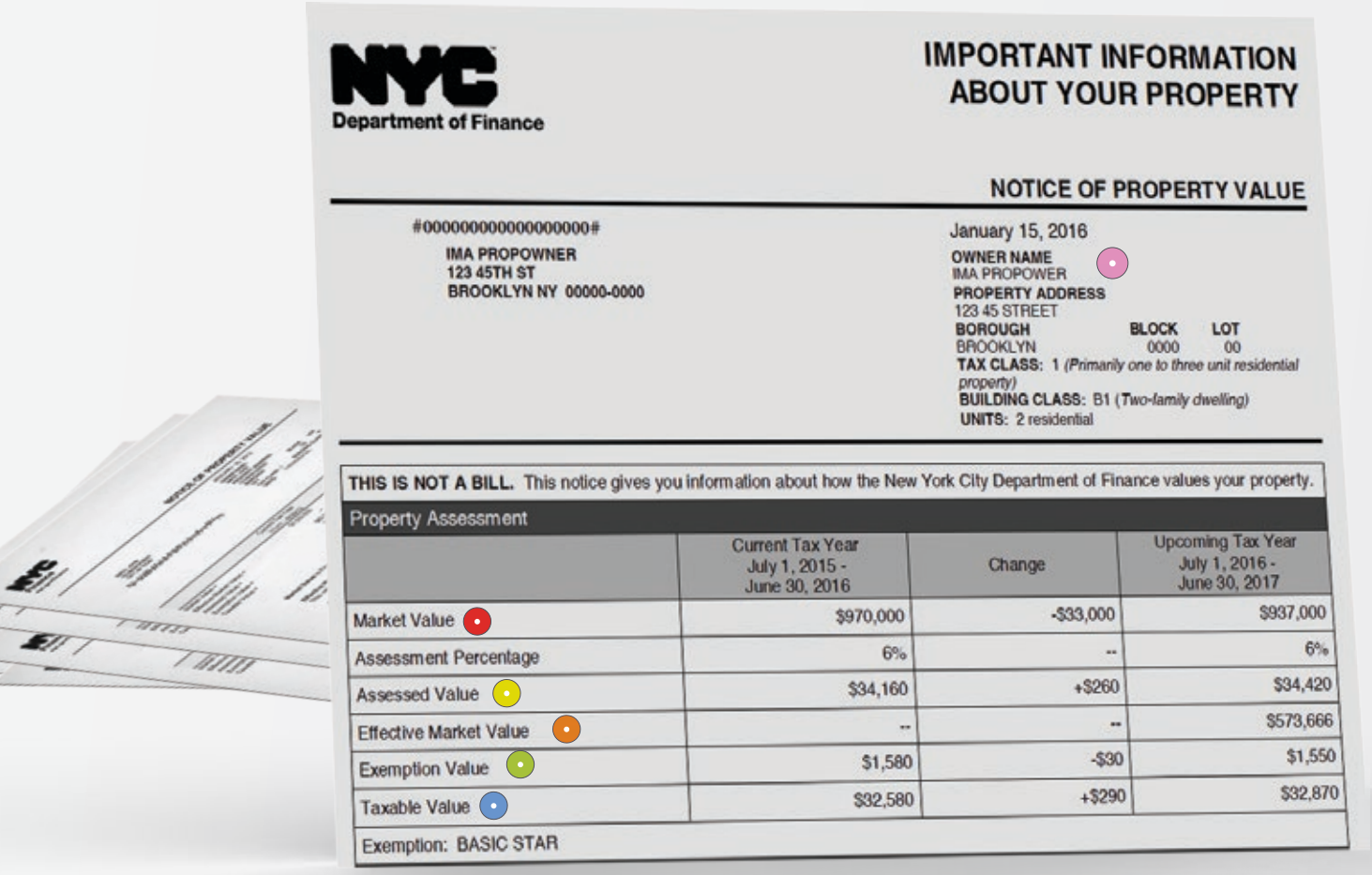
We value your Class 1 property based on prices of similar properties that sold in your neighborhood using statistical modeling.

Effective Market Value

If your assessed value has been capped as set out in State law (rather than at 6% of market value), then you will find an 'effective market value' on your NOPV. The effective market value takes into account your capped assessed value. It is calculated by dividing your assessed value (based on caps) by 6%. This value is significant if you challenge your property's value because you must prove that your property is worth less than its effective market value to win your dispute.

Assessed Value

Your assessed value is taken from whichever is lower: your market value times 6%, or the capped amount set by New York State law. For more detailed information on Assessed Value, please go to page 5 for more information.



NYC Department of Finance

IMPORTANT INFORMATION ABOUT YOUR PROPERTY

NOTICE OF PROPERTY VALUE

#000000000000000000#

IMA PROPOWNER
123 45TH ST
BROOKLYN NY 00000-0000

January 15, 2016

OWNER NAME
IMA PROPOWER

PROPERTY ADDRESS
123 45 STREET

BOROUGH	BLOCK	LOT
BROOKLYN	0000	00

TAX CLASS: 1 *(Primarily one to three unit residential property)*
BUILDING CLASS: B1 (*Two-family dwelling*)
UNITS: 2 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	$970,000	-$33,000	$937,000
Assessment Percentage	6%	--	6%
Assessed Value	$34,160	+$260	$34,420
Effective Market Value	--	--	$573,666
Exemption Value	$1,580	-$30	$1,550
Taxable Value	$32,580	+$290	$32,870
Exemption: BASIC STAR			

Exemption Value

Exemptions are deducted from the Assessed Value. An exemption reduces your Assessed Value before your taxes are calculated.

Taxable Value

Your taxable value is the assessed value minus the exemption value. The City's property tax rates are applied to this value to calculate your property taxes for the next tax year.

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.

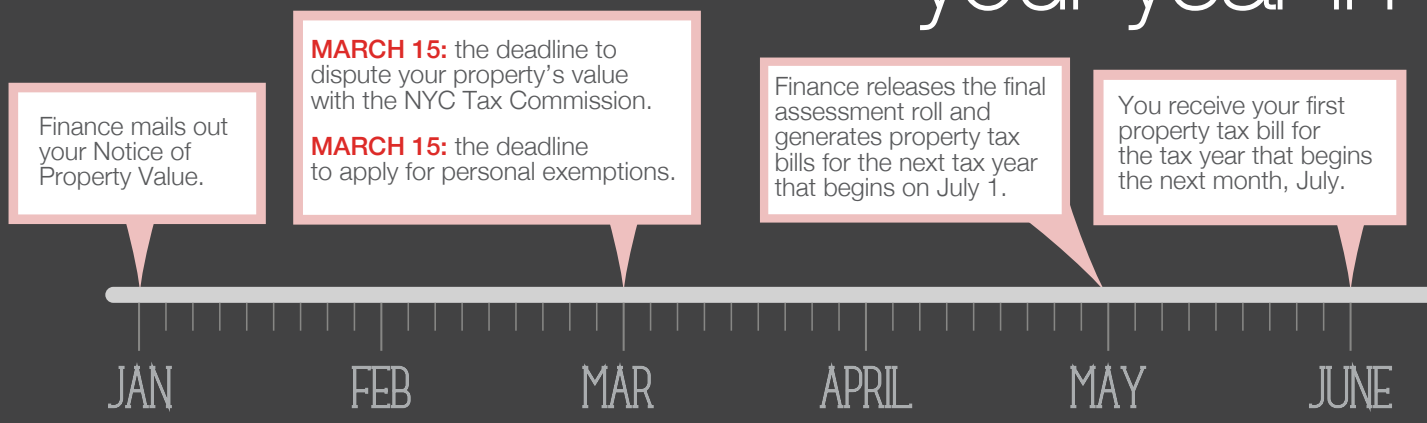
WHAT TO DO IF YOU THINK YOUR NOTICE OF PROPERTY VALUE

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, or 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 15th and can be found by visiting the Tax Commission's website: nyc.gov/html/taxcomm
- Please note that you must prove that your property's value is less than its Effective Market Value for the Tax Commission to lower your assessment.
- If you disagree with the Tax Commission's determination, you have the right to further review by filing a Small Claims Assessment Review Petition (SCARP) with the New York State Supreme Court. SCARP petitions are available on the NY State Office of Court Administration's website: nycourts.gov, and the deadline for filing is October 25th.
- 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 Request to Update with Finance. This form must be filed by March 15th and can be found on our website: nyc.gov/finance between January 15 and March 15 every year.
- 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



questions about property values

Q What does Finance's Market Values mean for your potential sales price?

A Our market value is for tax purposes. We base your market value on 3 years of data on comparable sales. It's up to you to set your sales price at the value you feel is appropriate.

Q Why has your property's Assessed Value changed?

A

- Market Values change — this can be seen by recent sales prices of similar homes to yours.
- You did new construction or renovations (this means you are not subject to the usual cap on assessed values).
- You lost an exemption/abatement or its value was reduced.
- Your assessed value is catching up to prior changes in market value.

property taxes

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

The City Council votes on the tax rates and the Mayor signs off on them. They are finalized in November when class shares are determined. 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.

JULY AUG SEPT OCT NOV DEC

Department of Finance

Rev. 03.25.16