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Residential Real Estate in NYC: Rising Tax Bills During COVID Fuel Disparities

Highlights

- Family home (i.e., 1-, 2-, 3-unit residential buildings) market values continued to grow while rental apartment and multifamily property values declined notably on the FY 2022 property assessment roll (led by Manhattan). Both recovered in FY 2023.
- Family homes comprised 66 percent of residential property value in the City and were valued at approximately $746 billion, followed by rental properties at 20 percent and $223 billion, respectively, in FY 2024.
- While total market values grew, Manhattan is the only borough in FY 2024 with median family home and multifamily residential market values that remain below pre-pandemic levels.
- Market turbulence during the pandemic caused a significantly larger increase in tax bills for lower-value properties than for higher-value properties.
- Working- and middle-class New Yorkers pay a higher rate on their property taxes, one of the largest contributors to housing costs, than their wealthier counterparts.
- From fiscal years 2007 to 2024, the median tax bill for the top 20 percent of family homes by value grew by 131 percent, compared to 149 percent for the bottom 20.
- In FY 2024, the top 20 percent of family homes by value saw tax bills at nearly half of what they would have been without constraints on assessed value increases; the bottom 20 percent saw a reduction in tax bills of less than 35 percent.

New York City's residential real estate market has proven resilient to the COVID-19 pandemic recession, with family homes seeing significant growth in value as people sought larger spaces amid limited supply. All residential (i.e., Class 1 and Class 2) property values as of fiscal year (FY) 2024 are 11 percent above the pre-pandemic level in FY 2021. With over three million housing units, the market value of residential property in the City reached $1.1 trillion in FY 2024 after facing a short setback in growth.

Over the last two recessionary periods, property values and corresponding tax bills have generally trended in the same direction, in aggregate. However, wide differences appear by property type (i.e., home, condominium, apartment), and more so, by property value. The gap between tax bills paid by homes valued in the top 20th percentile and those valued in the bottom 20th percentile widened during the pandemic as the City's property tax structure led to significantly larger increases in tax bills for lower-valued properties. Real estate is a major component of the City's budget as property taxes account for 45.3 percent of revenues, with more than half coming from residential properties.

Property tax inequities, which have been documented for decades by advocates, fiscal monitors and the City itself were made worse by the pandemic. It is useful to review the impacts of the past two recessions on the City's residential real estate market to better understand the effects of economic uncertainty on values and taxes. Doing so will help clarify the extent to which lower-income communities, where residents generally experienced a slower recovery, also faced property tax burden growth, making housing less affordable.

Understanding Residential Real Estate in NYC

New York City's real estate market encompasses a large and diverse inventory of residential properties across its boroughs and neighborhoods. The City's residential properties fall into one of two tax classes: Class 1, which includes most residential properties with up to three units, and Class 2, which includes larger residential buildings such as rentals, condominiums and co-operative apartments.

While the City's residential properties are categorized under distinct tax classes, some building class codes are found under both Class 1 and Class 2. As a result, the Office of the State Comptroller (OSC) created the following categories based on building code: "family homes," which include 1-, 2-, and 3-unit residential buildings, "multifamily residential," which include larger multifamily properties such as condominium buildings (condo) and co-operatives (co-op), and "rental properties," which primarily consist of apartment buildings.[1] The remaining two tax classes are Class 3 (utility) and Class 4 (commercial).

Within the City, there is significant variation in property values and tax bills.[2] To allow for comparison by property type, OSC created per-unit values for residential properties for each type based on the number of units listed in the property tax assessment rolls released by the City's Department of Finance (DOF). Additionally, to allow for comparison by time and geography, OSC used those per-unit values to calculate median market values and tax bills. Total market value data still reflect all units identified in the assessment rolls to align with summary reports published by the DOF. However, even medians can show significant swings in areas of heavy real estate development, particularly with many newly constructed units. Therefore, OSC based all statistics except for total market values on residential parcels that were present for all years beginning in FY 2007 and ending in FY 2024.

Market values are assessed at certain rates set by the City based on tax class, including for family homes and buildings with more than three units.[3] Co-ops and condos are generally not assessed based on market value driven by sales prices but instead on the value of similar apartments, including rental apartments that may be rent-stabilized, have owner expenses and income considerations. Both types may also receive a tax exemption or abatement.

Increases to these assessed values may also be constrained by assessed growth caps and phase-ins. Annual assessed value increases are limited by both annual and five-year caps, which are reflected in what is called the transitional value (see Appendices A and B for a discussion of these mechanisms and their impact on assessments). While phase-ins may delay the full impact of an increase for several years, the caps can have a much longer-lasting impact.

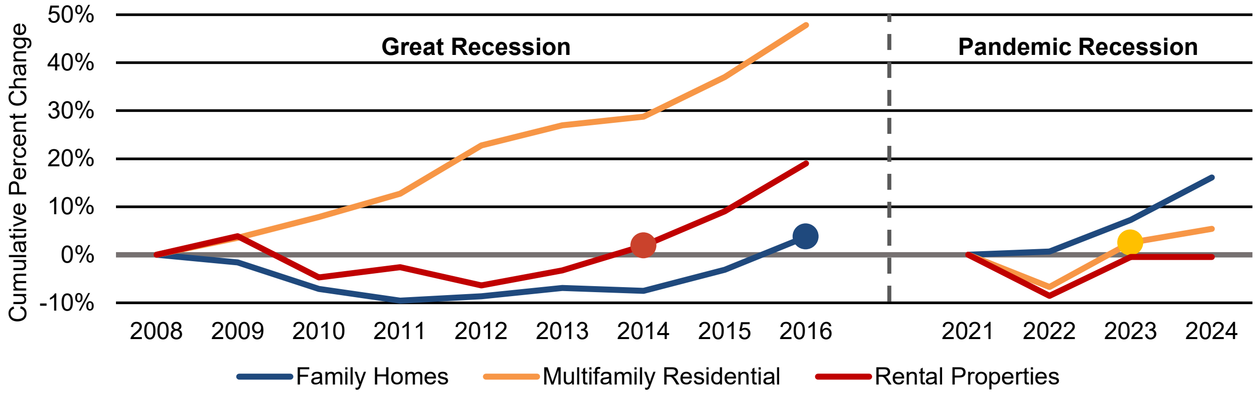
In an extended period of strong market value growth, these constraints can compound and cause the transitional value to lag behind the assessed value. In this case, a subsequent market value decline could result in transitional values continuing to rise as they "catch up" to the assessed value. Property owners' tax liability is always based on the smaller of the assessed or transitional values. Tax exemptions, abatements and credits (such as STAR, the School Tax Relief Program) are then deducted to calculate the billable assessed value, which is multiplied by the tax rate to arrive at the tax bill. The way the process is structured means that final tax bills are influenced heavily by the constraints on assessed value increases set by the property tax system.[4]

The next section discusses market values as the starting point for determining property taxes, which, in the City, make up a significant portion of costs to owners. In 2021, property taxes in the City made up over 27 percent of homeowner costs, on average, compared to 22.6 percent nationally.[5] Taxes also made up the largest share

FIGURE 1

Cumulative Percent Change in Total Market Values by Property Type

Base Fiscal Years of 2008 and 2021 Corresponding with Recent Recessions



Note: Circle marks indicate year of full recovery.
Sources: NYC Department of Finance Property Tax Assessment Rolls; OSC analysis

of expenses for rent-stabilized building owners in 2021, at 28.2 percent of monthly expenses per dwelling, which then get passed on to renters.[6] As of 2021, only 33.2 percent of the City's residents owned their homes, well below the national average of 65.4 percent.[7]

The tax bill share differs widely by market value, however, and is not as simple as more expensive properties paying more in taxes than less expensive properties. In fact, studies have shown that lower-priced properties in some neighborhoods of the City pay more in taxes than higher-priced properties in other neighborhoods.[8] As such, the current property tax system is considered regressive, resulting in some owners of lower-priced properties paying a greater share of taxes than their counterparts.

Recessionary Impacts on Market Values Vary Significantly

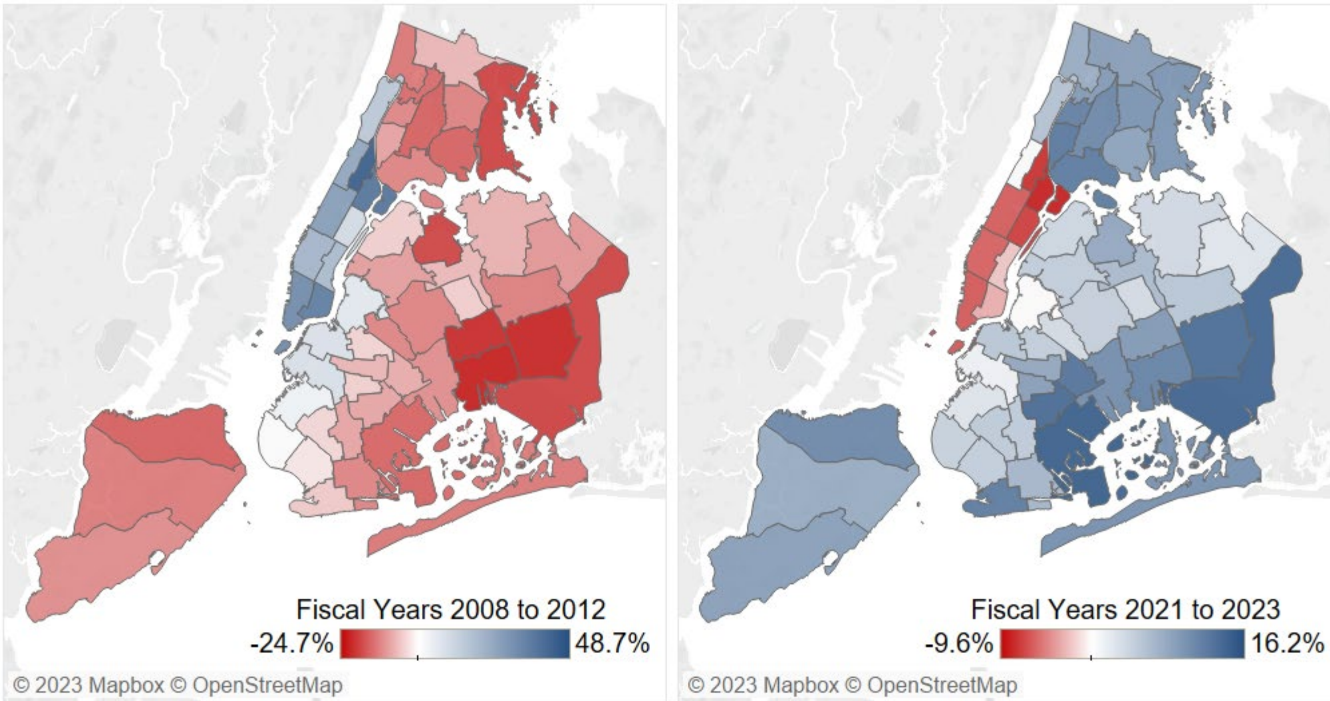
Among the three residential property categories, family homes comprise the largest share by total market value, at almost 66 percent of all residential property values across the City (valued at approximately $746 billion), followed by rental properties at 20 percent (valued at $223 billion) as of FY 2024. Market values for residential properties have grown tremendously, by over 117 percent between FY 2007 and FY 2024, despite two economic recessions in the last 20 years. The impact of the COVID-19 pandemic recession on market values was very different from that of the Great Recession for all property types, resulting in a much quicker recovery (see Figure 1).

Family Homes

The Great Recession saw the total market value for family home properties in the City decline by 9.5 percent from $415.1 billion in FY 2008 to $375.4 billion in FY 2011 before beginning to recover in FY 2012. The decline was felt across neighborhoods in every borough except for Manhattan (see Figure 2). Nationally, total homeowners' equity declined by 25.3 percent during the same period.[9]

During the pandemic, the total market value for family homes citywide actually continued to grow, though it slowed considerably in FY 2022 to 0.7 percent (compared to compounded average annual growth of 8.3 percent for fiscal years 2017

FIGURE 2
Change in Median Market Values of Family Homes, by Neighborhood



Sources: NYC Department of Finance Property Assessment Rolls; OSC analysis

to 2021).[10] However, differences again appeared among boroughs in the City. As homeowners sought out larger living spaces to accommodate remote work and school arrangements, housing demand, and thus the total market value, as well as the median market value, fell in Manhattan (the densest borough) in favor of the outer boroughs and the suburbs.[11] At the borough and neighborhood levels, the total market value makes for a less meaningful comparison than the median market value (see the Understanding Residential Real Estate in NYC section for more information). Between fiscal years 2021 and 2023, 44 of the 45 neighborhoods in the outer boroughs reported net increases in median market values (Greenpoint and Williamsburg in Brooklyn saw a decline). The largest increases were seen in Canarsie and Flatlands in Brooklyn and Queens Village and Cambria Heights in Queens.

The final assessment roll for FY 2024 shows the total family home market value citywide continued to grow by 8.2 percent over FY 2023, though in Manhattan it grew by a much smaller rate (1.4 percent) compared to the outer boroughs (8.6 percent). Due to a slower pace of recovery, Manhattan is the only borough whose neighborhoods' market values have yet to reach pre-pandemic levels.

Multifamily Residential

The Great Recession's impact on condo and co-op market values was less consistent across the boroughs than for the other property types. Citywide, the total market value for multifamily residential grew by 22.8 percent between fiscal years 2008 and 2012. The median market value grew the most in the Bronx with a 41.4 percent increase, while Brooklyn, Queens and Staten Island saw declines. Castle Hill and Parkchester in the Bronx and East Harlem in Manhattan saw the largest increases in median market values in the City, at 48.3 percent and 41.4 percent, respectively.

The citywide total market value for multifamily residential declined briefly in FY 2022, but fully recovered by FY 2023. However, the boroughs faced different experiences. Median market values declined in Manhattan, the Bronx and Queens but grew in Brooklyn and Staten Island. The neighborhoods with the largest declines citywide were East Harlem in Manhattan and Jackson Heights in Queens (see Appendix C).

In FY 2024, nearly all neighborhoods in the City saw an increase in median market value for condos and co-ops from the prior year. Despite these increases, median market values remained below the pre-pandemic level (FY 2021) for seven of the 10 neighborhoods in Manhattan.

Rental Properties

In the Great Recession, the total market value of apartment buildings decreased by 6.3 percent citywide, led by those in every borough except Manhattan.

During the pandemic, the total market value also showed a decline, down 0.5 percent from fiscal years 2021 to 2023, following a short-lived decline in valuations in FY 2022. Manhattan saw the largest median market value decline among the boroughs at 5.5 percent, while Staten Island saw a smaller decline of 1.0 percent. The Bronx, Brooklyn and Queens all saw median market value increases.

The demand for housing has put upward pressure on rents in the borough and citywide that remain elevated amid limited supply. A recent report found that the New York City metropolitan area saw its shortage of affordable units reach 342,000 units in 2019, an increase of 39.6 percent from 2012. The report estimated it would take 12 years at the current rate of construction to close the gap.[12] In June 2022, the property tax exemption designed to incentivize the construction of affordable units (known as 421-a) expired, and new building permit issuance has declined significantly as a result.[13] Higher interest rates make it more difficult for developers to finance projects, further stalling activity.

An unusually high share of the construction that took place in the last decade was in the ultraluxury market, as overseas investors saw them as good investment vehicles after the Great Recession.[14] As the market became saturated, however, these units have struggled to sell.

Disparities Arise Early in the Valuation Process

As stated above, market values serve as the starting point from which all subsequent calculations to arrive at a property's assessed and transitional values, and thus the owner's tax liability, are based. However, an analysis of property sales data shows that the City is consistently underestimating the market value of properties relative to their sale prices.

All real estate property sales transactions are recorded in the City's Automated City Register Information System.[15] Using the parcel ID, OSC compared properties' sales prices in FY 2022 to their market values in the FY 2023 final assessment roll (to reflect the lag in the assessment process). For family home properties that sold for less than $1 million, the sale price was 22.7 percent higher, on average, than the market value.

Family home prices in the City saw a significant increase last year, which may explain some of the discrepancy. However, the gap was much larger for properties that sold for $1 million or more, with sale prices 70.8 percent higher than the market value.

Multifamily residential properties saw even greater discrepancies between sale prices and market values due to the valuations process (see the Understanding Residential Real Estate in NYC section for more information). For properties that sold for less than $1 million, the sale price was just over three times the market value of the property, but those with a sale price above

$1 million saw a sale price of more than 5 times the market value. Properties that sold for more than $10 million had sale prices more than 10 times the assessed market value.

How Market Values and Tax Bills Can Differ

As with market values, there are differences in recessionary impacts on tax bills. Over the last two recessionary periods, changes to tax bills have not aligned with market values (see Figure 3).

During the Great Recession, between fiscal years 2008 to 2012, the median tax bill for family homeowners increased despite a decline in the median market value. This discrepancy occurred because transitional values continued to climb as assessed values decreased in proportion to the market value. This effect was amplified by an increase in the Class 1 (part of which makes up the family home category) property tax rate during the same period, rising from 15.4 percent in FY 2008 to 18.2 percent in FY 2012. During the pandemic, tax rates for family homes were virtually unchanged as market values continued to grow. During this period, the assessment caps caused the transitional values in the outer boroughs to grow at a slower rate. In Manhattan, however, the gap between assessed and transitional values narrowed considerably as market values there saw the largest pandemic-related decrease citywide, though the transitional values continued to grow.

FIGURE 3
Change in Median Market Values and Tax Bills by Property Type

Metric	Fiscal years 2008 to 2012	Fiscal years 2021 to 2023	Fiscal years 2023 to 2024
Family Homes			
Change in Median Market Value	-14.3%	10.4%	9.5%
Change in Median Tax Bill	32.5%	3.6%	5.2%
Multifamily Residential			
Change in Median Market Value	14.5%	-2.7%	2.7%
Change in Median Tax Bill	26.6%	5.8%	3.4%
Rental Properties			
Change in Median Market Value	-20.8%	-0.3%	-0.4%
Change in Median Tax Bill	32.9%	9.6%	5.1%

Sources: NYC Department of Finance Property Tax Assessment Rolls; OSC analysis

While market values and tax bills for family home properties moved in opposite directions during the Great Recession, those for multifamily residential properties rose in the same direction. In the pandemic downturn, however, even as multifamily residential market values declined, tax bills continued to rise. Rental properties experienced a similar disconnect during the pandemic especially as market values saw a significant decline in FY 2022 and have yet to recover. Tax bill increases faced by apartment building owners are eventually reflected in asking rents for new tenants and during the renewal process for existing tenants.

Higher-Value Properties Fare Better Under Caps and Phase-Ins

As discussed earlier, property tax inequities begin with valuations, as the market values of high-value properties are consistently underestimated in the assessment process. Since these values serve as the basis for all subsequent calculations, the gap is compounded at every step of the process, widening the disparities in final tax bills. In addition to property type and location, trends in tax bills differ by the value of property.

Family Homes

In the period following the Great Recession, family home properties valued in the top 20th and bottom 20th percentiles generally saw similar trends. The median home in the top 20th percentile saw its tax bill grow by 35.6 percent to $4,738 between fiscal years 2008 and 2012, while homes in the lowest 20th percentile saw an increase of 39.1 percent to reach $1,576. Between fiscal years 2021 and 2023, family home properties in the top 20th percentile again saw a smaller rise in their tax bills (3.5 percent to reach $7,799) than did those in the bottom 20th percentile (4.6 percent to reach $2,673).

A much larger difference appears over the full timeline of the dataset. From fiscal years 2007 to 2024, the median tax bill for the top quintile of family homes grew by 131 percent, compared with 149 percent for that in the bottom quintile (see Figure 4). The divergence is partially explained by the top 20th percentile having a consistently higher market value growth rate than the bottom 20th percentile prior to the pandemic. From fiscal years 2015 through 2018, growth rates for the top 20th percentile not only outpaced those for the bottom 20th percentile but were also above the 6 percent cap and benefited from the constraints, widening the tax bill gap between the groups.

In FY 2024, the total transitional value of family home properties in the top 20th percentile was 54.5 percent of the assessed value, indicating that constraints reduced tax bills by nearly half of what they would have been without the constraints. This compares to only about a third for the bottom 20th percentile.

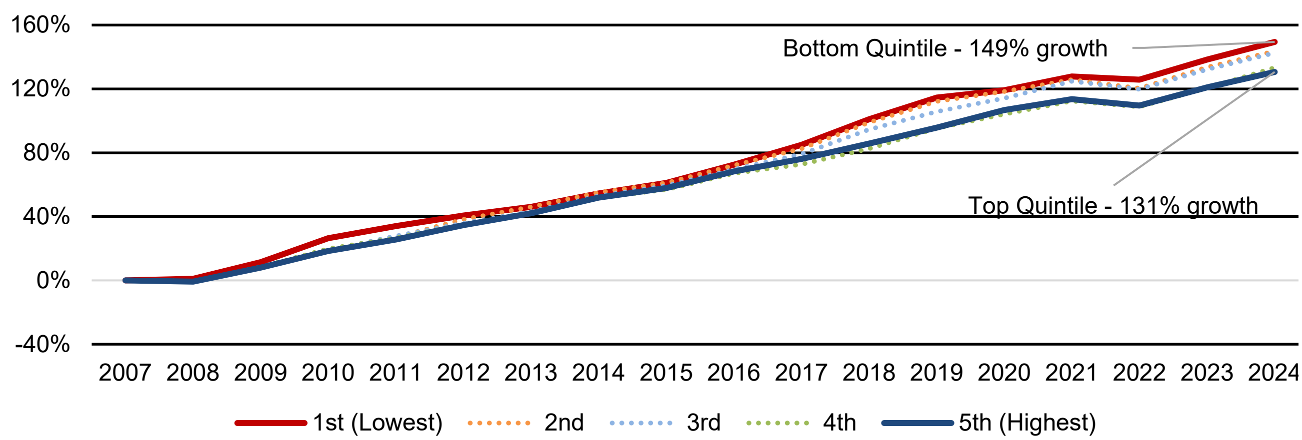
Market turbulence during the pandemic caused a significantly larger increase in tax bills for lower-value properties than for higher-value properties. The most expensive properties in the City are clustered in Manhattan, which was the only borough whose neighborhoods showed declines in median family home market values during the pandemic.

Many of the borough's households also boast high incomes, where the median was over $84,000 in 2021 compared to under $68,000 citywide.[16] Because of the market value declines, high-value property owners in the City have benefited from smaller tax bill increases in recent years (see Figure 5). This means the property tax burden for high-value property owners has shrunk, in contrast to that for low-value property owners. Indeed, using personal income tax data, the City Comptroller found (over a shorter time period than analyzed in this report) the most significant property tax impact to be on households with annual incomes below $50,000.[17]

FIGURE 4

Cumulative Change in Median Tax Bills for Family Homes, by Quintile

Fiscal Years 2007 to 2024



Note: Data was filtered to parcels that appear in all fiscal years (2007 to 2024) to mitigate the likelihood that new developments would skew the trends.
Sources: NYC Department of Finance Property Tax Assessment Rolls; OSC analysis

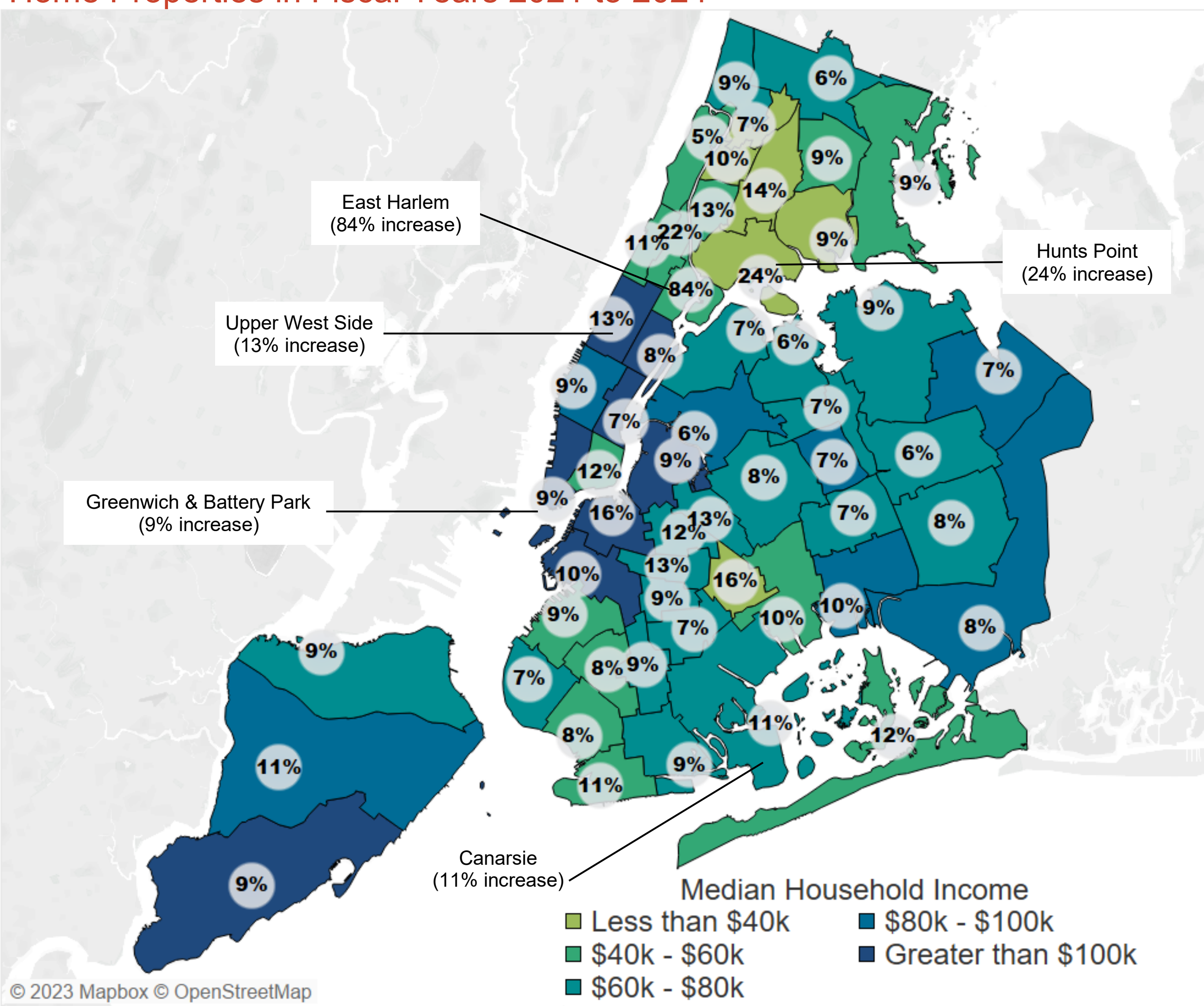
This disparity becomes apparent when comparing property sale prices to their tax bills. OSC estimates that properties which sold for less than $1 million in fiscal year 2022 comprised 47.9 percent of family home sales but 58.4 percent of the tax liability of the homes sold.

Multifamily Residential

Similar to family homes, multifamily residential properties in the top 20th percentile saw a smaller tax bill increase during the Great Recession than did those in the bottom 20th percentile. However, during the pandemic from fiscal years 2021 to 2023, properties in the top 20th percentile saw their tax bills grow by significantly less than for those in the bottom 20th percentile, at only 2.3

FIGURE 5

Median Household Income in 2021 and Change in Median Tax Bills for Family Home Properties in Fiscal Years 2021 to 2024



Note: Data was filtered to parcels that appear in all fiscal years (2007 to 2024) to mitigate the likelihood that new developments would skew the trends.
Sources: NYC Department of Finance Property Tax Assessment Rolls; OSC analysis

percent compared to 33.4 percent as market values for both groups grew by very little during this period.

The gap between transitional and assessed values for these properties is significantly smaller than for family homes, though a discrepancy is still apparent when looking at quintiles. The bottom 20th percentile saw total transitional values at 92.9 percent of total assessed values in FY 2024, while the top 20th percentile was at 80.2 percent.

As with family homes, tax bills do not align with multifamily residential property sale prices. In FY 2022, units with sale prices below $1 million comprised 25.4 percent of sales for this property category but accounted for 33.9 percent of final tax bills.

Rental Properties

In the Great Recession, rental properties in the top 20th percentile saw a decline in market values of 26.9 percent between fiscal years 2008 and 2012, but a dramatic increase in median tax bills of 85 percent. For properties in the bottom 20th percentile, market values declined by 11.6 percent while tax bills rose by 14.3 percent.

In the pandemic downturn, properties in the top 20th percentile saw a market value decline of 2.0 percent, and tax bills rose by 2.1 percent. While the bottom 20th percentile fared better in terms of market value, rising 1.7 percent, tax bills saw a significant jump, rising 11 percent.

Outlook

Over the last two decades, residential property values have generally increased despite the negative impacts of the Great Recession and the COVID-19 pandemic recession. During each of the recessions, however, changes in property values did not necessarily translate to equivalent changes in tax bills, and tax liabilities tended to rise more quickly in areas with lower incomes. These inequities were exacerbated during the COVID-19 pandemic. This mismatch reflects the inefficiencies and inequities in New York City's property tax system.

New York City is already experiencing housing affordability pressures due to constrained supply that is driving prices higher. The problem is compounded by inequalities in the levying of property taxes, which represent an outsized share of owner costs, especially for lower-income households. A recalibration of the process used to determine tax bills should be considered if the City hopes to remain accessible to working- and middle-class families.

Efforts by City and State leaders to make the system more equitable should also account for how residential property taxes respond to economic disruption to avoid worsening existing issues. The Advisory Commission on Property Tax Reform, formed in 2019, created a set of recommendations to reform the system while maintaining the level of total tax collections (i.e., being revenue neutral). The Commission released its final report in January of 2022, which included recommendations to create a new tax class for residential properties that would use a sales-based market valuation process, eliminate fractional assessments for certain property types, and remove caps on assessed value increases.[18]

Constraints on assessed value increases have contributed to the inequities faced, especially by households in family home and multifamily residential properties valued in the bottom 20th percentile. The City should revisit the Advisory Commission's recommendations and review recent changes in valuations and tax bills to assess their impact on tax inequity. Additionally, efforts to address the lack of affordable housing, including tax incentives to promote their construction and rehabiltation, may also help to improve accessibility to affordable housing options and draw in all who pursue opportunity in New York City.

Appendix A

How Annual and Five-Year Assessment Caps Affect Transitional Values

The property tax system has a mechanism to limit the impact of economic shocks in the form of caps on assessed value growth. For Class 1 properties, assessed values are limited to increases of 6 percent annually and 20 percent over a five-year period. For Class 2 properties with 10 or fewer units, the increases are capped at 8 percent annually and 30 percent over a five-year period.

The assessment caps can make calculating true tax bills difficult. The City maintains a record of the transitional value, which incorporates those caps, for each fiscal year. Figure A.1 illustrates the difference between the assessed and transitional values for two hypothetical Class 1 properties that are subject to growth caps. In Example A, the market value grows every year, but in fiscal years 2020 and 2021, the annual growth is higher than the 6 percent limit. In those years, the transitional value falls behind the assessed value. However, when growth slows significantly in the subsequent year, the transitional value "catches up" to the assessed value.

Example B shows the effect of the five-year growth caps. While the annual growth in market values does not exceed the 6 percent limit in any fiscal year, the cumulative growth exceeds the 20 percent limit over five years beginning in FY 2022. As a result, the transitional value is unchanged in FY 2023 despite the strong growth in market value. Though these examples do not show the interaction between annual and five-year caps, actual transitional values are constrained by both caps simultaneously, and can have very large cumulative effects over decades.

The functioning of the assessment caps can be clearly seen in the years after a significant market downturn. In the aftermath of the Great Recession, the gap between assessed and transitional values narrowed; as property values fell, the transitional values that had been constrained by the caps were able to catch up to the assessed values somewhat.

FIGURE A.1

Change in Assessed and Transitional Values for an Example Property with Assessment Caps

	Fiscal Year	Market Value	Assessed Value	Assessment Growth	Five-Year Growth	Transitional Value	Transitional vs. Assessed
Example A – Annual Growth Exceeds Caps	2018	$25,000.00	$1,500.00			$1,500.00	-
	2019	$25,500.00	$1,530.00	2.0%	2.0%	$1,530.00	-
	2020	$27,500.00	$1,650.00	7.8%	10.0%	$1,621.80	($28.20)
	2021	$29,500.00	$1,770.00	7.3%	18.0%	$1,719.11	($50.89)
	2022	$29,550.00	$1,773.00	0.2%	18.2%	$1,773.00	-
	2023	$29,700.00	$1,782.00	0.5%	18.8%	$1,782.00	-
	2024	$29,750.00	$1,785.00	0.2%	16.7%	$1,785.00	-
Example B – 5-Year Growth Exceeds Caps	2018	$25,000.00	$1,500.00			$1,500.00	-
	2019	$26,250.00	$1,575.00	5.0%	5.0%	$1,575.00	-
	2020	$27,550.00	$1,653.00	5.0%	10.2%	$1,653.00	-
	2021	$28,925.00	$1,735.50	5.0%	15.7%	$1,735.50	-
	2022	$30,350.00	$1,821.00	4.9%	21.4%	$1,800.00	($21.00)
	2023	$31,850.00	$1,911.00	4.9%	27.4%	$1,800.00	($111.00)
	2024	$33,400.00	$2,004.00	4.9%	27.2%	$1,890.00	($114.00)

Sources: NYC Department of Finance Property Tax Assessment Rolls; OSC analysis

Appendix B

The Functioning of Phase-Ins on Large Residential Properties

While economic shocks have delayed impacts on property assessments, any changes to tax bills for certain taxpayers can be realized even later. To reduce volatility for taxpayers of multifamily residential properties with 11 or more units, changes to the assessed value (upon which the property tax levy is based) are phased in over a five-year period. An increase of $100 in a given fiscal year, for example, would result in the transitional value increasing by $20 each year over five years. (Only increases due to market forces are phased in; an increase in value from physical improvements to a property are applied in full in the year they are recorded. Decreases are phased in only when there are increases still in the phase-in process.)

Because the assessments are updated on an annual basis, phase-ins overlap, and in any given year the transitional value is changed by a portion of each of the increases of the previous five years.

Figure B.1 shows a hypothetical example of this process. In FY 2022, for example, market value increases would have caused the assessed value to rise by $180, but the transitional value would have increased by $441. This reflects the sum of the phase-ins from the prior five fiscal years (highlighted in green in the table), which saw significantly larger increases.

By contrast, in FY 2024, the market value would have increased by 4.5 percent, causing a corresponding increase in the property's assessed value. Despite the assessed value increasing by $1,125, the transitional value would have increased by only $630, which is the sum of the fractional increases over the prior five fiscal years (highlighted in orange in the table). Because increases are phased in from multiple years, it is possible for the assessed and transitional values to move in different directions. The tax bill for a property is always calculated on whichever is lower of the two values.

FIGURE B.1
Change in Assessed and Transitional Values for an Example Property with Phase-Ins

	Calculation of Assessed Value				Additions to Transitional Values by Fiscal year						
Fiscal Year	Market Value	Assessed Value	Full Assessed Increase	Transitional Value	Phase-In Subtotal	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
2018	$50,000.00	$22,500.00		$22,500.00	$0.00	-	-	-	-	-	-
2019	$51,000.00	$22,950.00	$450.00	$22,590.00	$90.00	$90.00	-	-	-	-	-
2020	$54,000.00	$24,300.00	$1,350.00	$22,950.00	$360.00	$90.00	$270.00	-	-	-	-
2021	$54,500.00	$24,525.00	$225.00	$23,355.00	$405.00	$90.00	$270.00	$45.00	-	-	-
2022	$54,900.00	$24,705.00	$180.00	$23,796.00	$441.00	$90.00	$270.00	$45.00	$36.00	-	-
2023	$55,500.00	$24,975.00	$270.00	$24,291.00	$495.00	$90.00	$270.00	$45.00	$36.00	$54.00	-
2024	$58,000.00	$26,100.00	$1,125.00	$24,921.00	$630.00	-	$270.00	$45.00	$36.00	$54.00	$225.00

*FY 2024 based on tentative assessment roll.
Sources: NYC Department of Finance Property Tax Assessment Rolls; OSC analysis

Appendix C

FIGURE C.1

Change in Median Market Values by Property Type and Neighborhood

Fiscal Years 2008 to 2012 and 2021 to 2023

Borough	Neighborhood	Family Home Properties		Multifamily Properties	
		FYs 2008 to 2012	FYs 2021 to 2023	FYs 2008 to 2012	FYs 2021 to 2023
		Median Market Value Change	Median Market Value Change	Median Market Value Change	Median Market Value Change
Bronx	Riverdale, Fieldston & Kingsbridge	-15.0%	8.5%	-8.1%	-8.1%
Bronx	Wakefield, Williamsbridge & Woodlawn	-7.9%	9.9%	-9.9%	-4.7%
Bronx	Co-op City, Pelham Bay & Schuylerville	-20.7%	10.8%	-19.8%	-8.5%
Bronx	Pelham Parkway, Morris Park & Laconia	-13.8%	10.8%	-4.8%	-3.5%
Bronx	Belmont, Crotona Park East & East Tremont	-17.4%	12.1%	-15.4%	21.8%
Bronx	Bedford Park, Fordham North & Norwood	-16.3%	10.2%	-1.4%	1.2%
Bronx	Morris Heights, Fordham South & Mount Hope	-13.3%	12.9%	1.9%	3.8%
Bronx	Concourse, Highbridge & Mount Eden	-10.2%	13.7%	-0.9%	-3.8%
Bronx	Castle Hill, Clason Point & Parkchester	-17.3%	9.4%	**48.3%**	-2.2%
Bronx	Hunts Point, Longwood & Melrose	-13.6%	13.4%	**-46.2%**	21.6%
Manhattan	Washington Heights, Inwood & Marble Hill	16.4%	6.1%	15.1%	-6.5%
Manhattan	Hamilton Heights, Manhattanville & West Harlem	26.9%	0.3%	17.8%	5.8%
Manhattan	Central Harlem	**48.7%**	-8.8%	12.3%	-3.7%
Manhattan	East Harlem	41.6%	**-9.6%**	41.4%	**-12.5%**
Manhattan	Upper East Side	10.6%	-8.3%	25.5%	-5.7%
Manhattan	Upper West Side & West Side	29.4%	-7.0%	18.4%	-7.5%
Manhattan	Chelsea, Clinton & Midtown Business District	22.3%	-6.8%	26.2%	-7.2%
Manhattan	Murray Hill, Gramercy & Stuyvesant Town	20.5%	-2.4%	21.1%	-5.2%
Manhattan	Chinatown & Lower East Side	39.4%	-3.4%	15.1%	-4.4%
Manhattan	Battery Park City, Greenwich Village & Soho	35.2%	-7.1%	24.7%	-2.4%
Staten Island	Tottenville, Great Kills & Annadale	-12.5%	9.7%	-10.3%	7.3%
Staten Island	New Springville & South Beach	-14.5%	8.5%	-10.7%	9.0%
Staten Island	Port Richmond, Stapleton & Mariners Harbor	-17.5%	12.1%	-11.0%	5.6%
Brooklyn	Greenpoint & Williamsburg	6.6%	-0.1%	2.3%	3.6%
Brooklyn	Bushwick	-13.4%	3.6%	-3.3%	11.6%
Brooklyn	Bedford-Stuyvesant	-4.6%	5.0%	-2.6%	-1.4%
Brooklyn	Brooklyn Heights & Fort Greene	8.6%	5.7%	8.0%	6.0%
Brooklyn	Park Slope, Carroll Gardens & Red Hook	9.0%	1.3%	5.0%	4.5%
Brooklyn	Crown Heights North & Prospect Heights	-8.0%	9.0%	-9.6%	9.3%
Brooklyn	Brownsville & Ocean Hill	-9.0%	14.1%	-20.6%	4.3%
Brooklyn	East New York & Starrett City	-12.4%	11.5%	-33.3%	0.8%
Brooklyn	Canarsie & Flatlands	-17.1%	**16.2%**	0.0%	6.8%
Brooklyn	East Flatbush, Farragut & Rugby	-9.8%	15.1%	-6.4%	**34.8%**
Brooklyn	Crown Heights South, Prospect Lefferts & Wingate	-5.1%	9.9%	2.3%	4.7%
Brooklyn	Sunset Park & Windsor Terrace	3.6%	2.7%	-16.0%	-1.8%
Brooklyn	Bay Ridge & Dyker Heights	-0.2%	4.6%	-4.2%	5.5%
Brooklyn	Borough Park, Kensington & Ocean Parkway	-4.3%	5.3%	-19.1%	3.4%
Brooklyn	Flatbush & Midwood	-9.9%	5.2%	-4.0%	4.1%
Brooklyn	Sheepshead Bay, Gerritsen Beach & Homecrest	-13.6%	7.4%	-14.6%	9.3%
Brooklyn	Bensonhurst & Bath Beach	-2.6%	4.9%	-13.6%	1.5%
Brooklyn	Brighton Beach & Coney Island	-5.7%	13.4%	23.8%	8.1%
Queens	Astoria & Long Island City	-5.2%	4.1%	-13.6%	-5.8%
Queens	Jackson Heights & North Corona	-20.6%	8.8%	-14.4%	-8.6%
Queens	Flushing, Murray Hill & Whitestone	-8.5%	3.7%	-19.2%	-3.9%
Queens	Bayside, Douglaston & Little Neck	-11.6%	2.5%	-13.1%	18.5%
Queens	Queens Village, Cambria Heights & Rosedale	-20.8%	15.6%	-18.4%	-1.9%
Queens	Briarwood, Fresh Meadows & Hillcrest	-14.2%	5.7%	-11.9%	-3.3%
Queens	Elmhurst & South Corona	-7.6%	7.0%	-14.3%	-2.3%
Queens	Forest Hills & Rego Park	-5.4%	3.6%	-5.7%	-3.0%
Queens	Sunnyside & Woodside	-10.7%	5.1%	-6.9%	-2.0%
Queens	Ridgewood, Glendale & Middle Village	-13.7%	4.8%	-25.2%	0.8%
Queens	Richmond Hill & Woodhaven	-23.3%	10.4%	-10.6%	-0.2%
Queens	Jamaica, Hollis & St. Albans	-24.0%	14.9%	-11.2%	19.7%
Queens	Howard Beach & Ozone Park	**-24.7%**	12.7%	-30.9%	-8.4%
Queens	Far Rockaway, Breezy Point & Broad Channel	-14.9%	11.2%	-16.9%	-6.3%

Note: Highest values in each column are in highlighted in blue; lowest values are in red. Neighborhoods are based on Census-defined Public Use Microdata Areas (PUMAs).
Sources: NYC Department of Finance Property Tax Assessment Rolls; OSC analysis

ENDNOTES

[1] "Family Homes" includes building codes A0, A1, A2, A3, A4, A5, A6, A7, A9, B1, B2, B3, B9, C0, S0, S1, and S2; there were 658,739 family home records in FY 2024. "Multifamily Residential" includes building codes C6, C8, D0, D4, R0, R1, R2, R3, R4, R6, R7, and R8; there were 263,139 multifamily residential records in FY 2024. "Rental Properties" includes building codes C1, C2, C3, C4, C5, C7, C9, D1, D2, D3, D5, D6, D7, D8, D9, S3, S4, S5, and S9; there were 83,601 rental property records in FY 2024. The remaining 24,428 records were dropped from the Office of the State Comptroller's (OSC) analysis.

[2] The location of the property, including proximity to transit, the demand for housing in each neighborhood, and the amount of new development in an area all may contribute to the market valuation process. A more technical reason for the intracity variation is that in some instances, each unit of a building is assigned a separate tax parcel identification number, but in other cases units of a building may be assessed collectively as a single property.

[3] Assessed values for Class 1 properties are calculated as 6 percent of the market value, and those for Class 2 properties are calculated as 45 percent of the market value.

[4] In 2009, property tax rates increased twice, in the first half of the year and the second. OSC applied a 55%/45% weight to the rate increases to arrive at an annual rate increase.

[5] U.S. Census Bureau, 2021 American Community Survey 1-year Public Use Microdata Sample estimates.

[6] New York City Rent Guidelines Board, "2023 Income and Expense Study," accessed July 17, 2023, https://rentguidelinesboard.cityofnewyork.us/wp-content/uploads/2023/03/2023-IE-Study.pdf.

[7] U.S. Census Bureau, 2021 American Community Survey 5-Year Estimates.

[8] Tax Equity Now, "Let's Fix the Fundamental Problems With the New York City Property Tax System," accessed July 17, 2023, https://taxequitynow.nyc/about/.

[9] Federal Reserve Economic Data, Households Owners' Equity in Real Estate, Level, accessed July 17, 2023, https://fred.stlouisfed.org/series/OEHRENWBSHNO.

[10] The impact of the pandemic did not materialize until FY 2022 because the assessment cycle that occurred in calendar year 2020 was not finalized until May 2021 with the publication of the final assessment roll, which served as the basis of collections for the fiscal year beginning in July 2021, or FY 2022. Effectively, the timing of the assessment process may lead economic shocks to have delayed impacts on property assessments.

[11] Manhattan has only about 10,000 family home units in total.

[12] Mike Kingsella and Leah MacArthur, eds., "Housing Underproduction in the U.S.," Up For Growth, July 14, 2022, https://upforgrowth.org/apply-the-vision/housing-underproduction/.

[13] Brenzel, Kathryn, "Expired 421a Deadline Jeopardizes 33K Housing Units," The Real Deal, January 20, 2023, https://therealdeal.com/new-york/2023/01/20/expired-421a-deadline-jeopardizes-33k-housing-units/.

[14] Chen, Stefanos, "The Decade Dominated by the Ultraluxury Condo," New York Times, Jan 10, 2020, https://www.nytimes.com/2020/01/10/realestate/new-york-decade-real-estate.html.

[15] NYC Department of Finance, ACRIS Rolling Sales Data, https://www.nyc.gov/site/finance/taxes/property-rolling-sales-data.page.

[16] U.S. Census Bureau, 2021 American Community Survey 1-Year Estimates.

[17] Office of the New York City Comptroller, "Growing Unfairness: The Rising Burden of Property Taxes on Low-Income Households," September 2018, https://comptroller.nyc.gov/wp-content/uploads/documents/Property_Taxes_in_New_York_City.pdf.

[18] NYC Advisory Commission on Property Tax Reform, "The Road to Reform: A Blueprint for Modernizing and Simplifying New York City's Property Tax System," December 29, 2021, https://www.nyc.gov/site/propertytaxreform/index.page.

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