

Roadmap to **NEW YORK CITY PROPERTY TAXES**

General Assessment Overview

Property owners in New York City continue to struggle with record-high vacancy issues and leasing costs. The Department of Finance (DOF) is tasked with estimating the Fair Market Value of all properties in the five boroughs as of January 5 each year. While some asset classes in select submarkets have retained their value, most would trade for much less than their pre-pandemic highs. The asset class that has been perhaps the most negatively impacted is Office. Tenants continue to have the upper hand in negotiations, resulting in stagnant (if not declining) rental rates and record-high concessions and tenant improvements. The DOF has the unenviable task of attempting to reflect the market value of assets in an environment with very few transactions where historic net operating income is almost meaningless as a predictor of future cashflows.

A significant number of properties remain vacant, and tenants are increasingly focused on cost cutting and a reduced real estate footprint relative to pre-pandemic tenancy.

Most property owners in New York City appeal their tax assessment every year as a best practice, but in this current environment, property-specific issues and a customized approach to appeals is more important than ever to avoid overtaxation. In New York City, having experienced local legal experts is crucial. Navigating the complex legal system requires not just knowing the laws, but also understanding how the Tax Commission and courts operate in the City. Our team does more than just submit appeals and wait for resolution. Our commercial

real estate valuation experts take a comprehensive approach that avoids reliance on appraisers. Ryan identifies property-specific issues that result in a rapid resolution of cases, which is beneficial for taxpayers and indeed the City.

Value Notices

The DOF issues their proposed assessed values in January each year. Assessed values are intended to reflect 45% of the Fair Market Value as of January 5.

The Notice of Property Value (NOPV) details the property's assessed value, exemptions, and estimated property taxes based on the tax rate for each class of property.

Property owners can use this information to gain insights into their upcoming tax obligations and to assess the fairness of the proposed value. Should property owners find discrepancies or believe that the assessed value is inaccurate, they can initiate an appeal process with the New York City Tax Commission. Through this process, property owners can present evidence and arguments to demonstrate why the assessed value should be lowered.

Property Tax Appeals

Each year's assessed value must be appealed by March 1 or it becomes final. The City requires an annual filing of income and expense data called an RPIE Filing. These filings are due June 1 each year, and taxpayers that fail to comply are subject to penalty.

The DOF will use the income and expense information reported on the RPIE to value income-producing properties for the following tax year.

The 2022 RPIE filed June 2023 is used for the 2024/2025 value that is issued January 15, 2024.

The Tax Commission will review all applications submitted by the March 1 deadline and issue hearing schedules for those applicants that have been granted a hearing. Hearings are held from the end of May through December. The Tax Commission will determine the outcome of a hearing a few weeks after the hearing date. This time varies depending on the hearing officer and the complexity of the case. If the case is determined unfavorably, a Supreme Court petition is filed to preserve the right to contest the assessment later in the proceedings. The deadline to file a Supreme Court petition is October 24. In some cases, the petition deadline will precede the hearing or a determination. In these cases, a petition should be filed prior to the deadline.

At a Tax Commission hearing, we can contest the assessed value for the current year and the assessed value for the prior year (provided that a petition was filed in the prior year). Any year prior to that must be contested through the NYC Law Department. The Supreme Court petition also serves to conserve the year in cases where a judicial review is required.

Tax Bills

The issuance of tax bills is a process that typically takes place in early June. During this time, property owners receive official documentation outlining their tax obligations for the upcoming period. These tax bills provide a comprehensive breakdown of the assessed taxes that property owners are required to pay, reflecting the assessed value of their properties and other relevant factors.

Properties assessed at more than \$250,000 are billed semi-annually. Semi-annual taxes are due on July 1 and January 1 of the following year. It is important to note that these dates mark the deadlines by which property owners are expected to make their tax payments. Adhering to these dates is crucial, as failure

to do so may result in penalties or additional charges being applied to the tax bill.

Prompt and accurate payment of property taxes is a vital responsibility for property owners, ensuring that their financial obligations to the city are met in a timely manner. By settling the tax bills within the specified timeframes, property owners contribute to the funding of essential public services and infrastructure that benefit the community as a whole.

Personal Property

Personal property is not taxed in the state of New York.

Tax Calendar

Lien Date – January 5

Real Property Information

<i>Assessment Notice Issue Date</i>	<i>January 15</i>
<i>Appeal Deadline</i>	<i>March 1</i>
<i>RPIE Filing Deadline</i>	<i>June 1</i>

Real Estate Tax Bill Payment Information

<i>Tax Bills Issued</i>	<i>Early June</i>
<i>Single Payment Due (Delinquent Date)</i>	<i>July 1</i>
<i>First Installment Due (Delinquent Date)</i>	<i>July 1</i>
<i>Second Installment Due (Delinquent Date)</i>	<i>January 1</i>