What The Proposed 'Reform' Of New York City's Property Tax System Will Mean For You

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At the end of January of this year, a Mayoral commission to suggest reforms to our property tax system issued a report, and for us co-op owners here in Sutton Place, the document made for very unpleasant reading. The report, which like all such commission documents is both long and verbose, came up with some astonishing proposals. Among the most pertinent for residents of Sutton Place were:

1. The Commission recommends moving co-ops, condominiums and rental buildings with up to 10 units into a new residential class along with 1-3 family homes. The property tax system would continue to consist of four classes of property: residential, large rentals, utilities, and commercial.
2. The Commission recommends using a sales-based methodology to value all properties in the residential class.
3. The Commission recommends assessing every property in the residential class at its full market value.
4. The Commission recommends that annual market value changes in the new residential class be phased in over five years at a rate of 20% per year, and that Assessed Value Growth Caps should be eliminated.

The upshot of these proposed reforms will be that co-op and condo owners, as well as owners of single family houses in Manhattan and Brooklyn, will be facing steep increases in both their assessed valuation and their tax bills, with many co-op owners facing steep increases in their monthly maintenance payments. Make no mistake: I, like many honest people, recognize the need to reform our property tax system. We can only hope that the State Legislature will be cautious about approving these proposals.