

A screwed up NYC Real Estate Tax System

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By Corey Bearak, *The Public Ought To Know*

Queens, NY – When I opened my New York Times Real Estate Section this past weekend, I looked as usual at the “Residential Sales” listings. I often analyze the sales price and real estate taxes for one- and two-family home listings; that's Class One in New York City assessment parlance. NYC currently, and for the last several years, assesses Class One properties at 6% of market value.

A property at 28 Garden Place in Brooklyn that sold for \$5.2 million grabbed my attention, in excess of the \$4.7 million at which the city assessed the property. The owners paid all of \$16,194 in real estate taxes. 6% of the sales price makes for an assessed value of \$312,000. Multiply that assessed value by the 19.5554% tax rate yields \$61,008.48 in taxes, nearly \$45,000 more. In fact the state law governing how much the City can increase actual assessments limits that property to an assessed valuation of \$85,994; that's \$226,000 less than the City could assess if the state legislature **reformed** existing law.

For the fiscal year starting July 1, 2016, the City tentatively values the property at \$6.1 million. If that value holds at existing tax rates, the City could collect \$71,567.64.

Contrast that calculus to a Bellerose Queens modest townhouse with market value estimated at \$421,000, assessed value at \$23,036 and taxes after Basic STAR School Tax relief of \$4,200. Both properties receive the same STAR benefit that reduces each property's real estate tax by \$308.

The above example demonstrates how existing City assessment practices **unfairly benefit wealthy** New Yorkers who own expensive homes (and apartments).

The taxes on the modest Bellerose home works out to about 1% of its market value. The Brooklyn luxury townhouse pays 0.3% of its market value in taxes. Fair? Justified?

So **“Why Not Chance Some Real Property Tax Reform?”**

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