

NYC Must Fix Our Property Tax Mess

March 17, 2016

By Corey Bearak

The Public Ought To Know

Queens, NY – At my civic's March meeting, a member raised an additional inequity in this NYC tax system. The homeowner partially enlarged her home to increase the living space to a size similar to many nearby homes.

The 1980 real property tax reform allowed NYC to apply the full value of an improvement to a home outside the statutory caps. Homes currently get assessed at 6% of market value. So a home valued at \$400,000 would be assessed at \$24,000. The same law prevents assessments increasing by no more than 6% per

year and no more than 20% over five years. A home assessed at 10,000 and valued at \$100,000 30 years ago but now valued at \$500,000 could be assessed at \$30,000. The caps in the law would keep the assessment to around \$25,000. If the tax rates 30 years ago never increased, just based on the assessment hikes, the property owner would see taxes increasing 150%. Actual tax hikes most homeowners experienced jumped more than 300 percent, tripling since the mid-1980s. Anyone experience a 300% jump in their income?

Let's return to that taxpayer. When she added to her home the full value, which the City claimed exceeded \$100,000 -- of that improvement increased her assessment outside the caps by a full \$6000 increasing her taxes by about \$1,200. That's a big nut to crack. But when the homeowner looked at existing homes nearby with the same living space she achieved by building out legally a bit, she found those homes sold for the same value the city estimated for her market value. HOWEVER, since those larger homes were built long ago, the city assessed those homes lower than her home, in part because of the protections the law established to keep our assessments down.

Nothing in state law required the City to capture the value of an improvement; the city made an administrative interpretation. Just another reason to fix a **screwed up system**.

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