

Thousands of NYC Property Owners Challenge Their Tax Assessments Every Year. How Much Do They Save?

Property taxes are by far the largest source of revenue for New York City, expected to garner nearly \$28 billion this year—nearly 46 percent of total collections. When owners disagree with the annual assessments of their property by the city’s Department of Finance, they have a number of ways to challenge the assessments. Most common is to file an appeal with the city’s Tax Commission.

Owners have little to lose by disputing their tax bill. The Tax Commission cannot raise assessments and filing a challenge is free unless a property’s assessed value exceeds \$2 million; for higher-value properties, the fee is \$175. Lawyers who specialize in disputing assessments, known as tax certiorari attorneys, generally work for a contingency fee. If an owner believes the reduction quoted by the Tax Commission is insufficient, the owner can reject it and bring their challenge to the New York State Supreme Court.

IBO has looked at assessment appeals brought to the Tax Commission over the years 2013-2017 and summarized the results by number of appeals, property tax reductions, property types, and the borough where the properties are located.

- From 2013 through 2017, the total value of property tax reductions issued by the Tax Commission averaged \$562 million annually.
- Property owners in Manhattan received \$2.3 billion, or nearly 81 percent, of the total reductions over the five years.

Property Tax Reductions as Share of Per Borough Levy					
Borough	2013	2014	2015	2016	2017
Manhattan	4.4%	3.6%	2.9%	2.7%	3.0%
Bronx	1.2%	1.8%	1.0%	1.2%	1.9%
Brooklyn	1.1%	1.4%	1.0%	1.3%	1.6%
Queens	1.6%	1.4%	1.4%	1.0%	1.2%
Staten Island	0.5%	0.7%	0.4%	0.4%	0.4%

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- Among the boroughs, Manhattan had the largest reductions in its annual share of the tax levy in each of the five years. Conversely, Staten Island had the smallest.

Property Tax Reductions by Borough						
<i>Dollars in millions</i>						
Borough	2013	2014	2015	2016	2017	TOTAL
Manhattan	\$525.8	\$469.2	\$399.1	\$401.2	\$466.6	\$2,261.9
Bronx	13.7	20.6	12.7	15.4	25.9	\$88.3
Brooklyn	31.1	38.8	30.2	43.5	57.5	\$201.1
Queens	51.3	48.9	50.8	37.4	48.9	\$237.3
Staten Island	3.9	5.1	3.3	3.4	3.7	\$19.4
TOTAL	\$625.8	\$582.6	\$496.1	\$500.9	\$602.6	\$2,808.0

NOTE: These totals do not include reductions made under state court settlements.
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Property Tax Reductions by Tax Class					
<i>Dollars in millions</i>					
Tax Class	2013	2014	2015	2016	2017
1	\$1.5	\$0.7	\$0.4	\$0.4	\$0.6
2	164.0	167.4	175.4	160.0	202.6
3	22.1	10.4	1.8	2.4	3.6
4	438.1	404.0	318.4	338.0	395.8

NOTE: These totals do not include reductions made under state court settlements.
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- Tax Class 4, which consists of commercial and industrial properties, received about 68 percent of the value of the tax reductions over the five years. Given Manhattan’s large concentration of commercial buildings, and some of the city’s highest property values, it is not surprising so much of the value of tax reductions flowed to owners of properties in the borough.
- Few owners of Tax Class 1 properties, primarily one- to three-family homes, challenge their tax bills because they have to show that their assessments exceed 6 percent of the market value of comparable homes.

Number of Tax Lot Assessment Appeals by Borough

Borough	2013		2014		2015		2016		2017	
	Number of Appeals	Number of Reductions	Number of Appeals	Number of Reductions	Number of Appeals	Number of Reductions	Number of Appeals	Number of Reductions	Number of Appeals	Number of Reductions
Manhattan	113,669	17,113	115,597	24,086	116,856	18,642	121,189	22,236	124,223	36,181
Bronx	19,989	719	19,646	4,769	19,711	728	20,072	762	20,242	731
Brooklyn	26,955	2,371	27,424	2,510	28,796	2,862	30,869	3,080	33,882	3,702
Queens	27,469	2,334	26,938	2,155	27,578	2,471	28,817	3,232	29,309	4,213
Staten Island	4,105	334	3,700	467	3,362	428	3,796	235	3,378	410
TOTAL	192,187	22,871	193,305	33,987	196,303	25,131	204,743	29,545	211,034	45,237

NOTES: Number of reductions do not include remedial actions for prior years. Each apartment in a condo building is a separate tax lot.

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- The number of properties, or more precisely tax lots, for which owners challenged the tax assessments rose each year from 2013 through 2017 and averaged 199,514 over the period.
- The number of reductions granted by the Tax Commission and accepted by property owners averaged 31,354 per year, with a high of 45,237 in 2017, when the number of reductions granted in Manhattan doubled from its 2013 level.

Number of Tax Lot Assessment Appeals by Tax Class

Tax Class	2013		2014		2015		2016		2017	
	Number of Appeals	Number of Reductions	Number of Appeals	Number of Reductions	Number of Appeals	Number of Reductions	Number of Appeals	Number of Reductions	Number of Appeals	Number of Reductions
1	4,885	530	3,769	444	3,640	246	3,634	171	3,508	163
2	150,666	16,760	152,853	27,925	155,635	19,634	163,014	23,473	168,099	37,856
3	94	7	88	5	99	5	75	5	102	5
4	36,542	5,574	36,595	5,613	36,929	5,246	38,020	5,895	39,325	7,213
TOTAL	192,187	22,871	193,305	33,987	196,303	25,131	204,743	29,544	211,034	45,237

NOTES: Number of reductions do not include remedial actions for prior years. Each apartment in a condo building is a separate tax lot.

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- More property owners have been appealing their assessments since 2013, when there were 192,187 tax lots with assessment challenges compared with 211,034 appeals in 2017. Most of the increase in challenges have come from Tax Class 2 multifamily residential buildings, in particular owners of 4- to 10-unit buildings and condos in large buildings.

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