



# ANNUAL NOTICE OF PROPERTY VALUE

## WHAT IS THIS NOTICE?

Finance's Annual Notice of Property Value is NOT a tax bill and does not require you to make a payment. This notice is mailed to all NYC property owners to advise them of Finance's estimate of their property's market value. The Notice of Property Value also lists any exemptions that have been granted so far for the tax year, which begins on July 1<sup>st</sup>.

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### IMPORTANT DATES AND DEADLINES

Tentative Assessment available online .....Jan. 15, 2009

Deadline for apartment, utility, and commercial property owners to challenge their assessment at the Tax Commission.....March 2, 2009

Deadline for owners of 1-, 2-, and 3-family homes to challenge their assessment at the Tax Commission....March 16, 2009

Deadline for homeowners to file property tax exemption applications .....March 16, 2009

## HOW FINANCE DETERMINES YOUR VALUE

Finance is required by law to estimate the value of your property as of January 5<sup>th</sup> each year. Finance uses one of three approaches to value your property: sales, cost, or income. This value is the basis for the taxes you will pay in July.

- ❖ **Sales:** Finance reviews prices of similar properties that sold in the last three years to estimate the market value for your property. This method is used most often to value small residential properties (e.g., 1-, 2-, and 3-family homes and vacant land).
- ❖ **Income:** Finance estimates your property value based on the income that you get for renting your property. The income is based on information you provide about your property, or market data. This approach is generally used for income-producing properties, such as office and apartment buildings. We either divide the net income by a capitalization rate (an estimated rate of return) or we multiply the gross income by a multiplier.
- ❖ **Cost:** Finance estimates the land value and the cost of constructing, reproducing or replacing your building. This method is used for new construction and renovations; specialty properties, such as churches, museum and stadia; and utilities.
- ❖ **Cooperatives and Condominiums:** State law requires Finance to value cooperative and residential condominium buildings as if they were rental apartment buildings using the income approach. Finance's value is *not* based on the sales price of individual co-op or condo units but on an estimate of the rent that would be charged for the units if they were rental apartments.

**NEW NOTICES FOR RESIDENTIAL 6-10 UNIT CONDOS AND VACANT LAND**

If you own a residential 6-10 unit condominium, the back of your Notice of Property Value provides more detail about how we estimated your market value. We provide you with an estimate of the income as well as the gross income multiplier we used to estimate your value.

If you own vacant land, this year your value may have increased. Finance used a new model based on sales prices of vacant land over the last three years to value vacant land. Also, a recent law requires Finance to change the tax class of all vacant land in Manhattan from the small homeowner Class 1 to the commercial property Class 4.

**HOW FINANCE DETERMINES YOUR ASSESSMENT**

Finance's determination of your tax assessment is a three-step process:

**1) Finance assigns your property to one of four tax classes.**

**Class 1:** Most residential property of up to three units, such as 1-, 2-, and 3-family homes and small stores or offices with only one or two apartments attached. Also includes most condominium buildings that have no more than three stories, and residentially zoned vacant land in all boroughs except Manhattan.

**Class 2:** All other property that is primarily residential, such as cooperatives and condominiums. There are three subclasses in Class 2: 2a (rentals with 4 - 6 units); 2b (rentals with 7 - 10 units); and 2c (condos with 6 -10 units). Also includes apartment buildings with more than 10 units.

**Class 3:** Utility properties (taxable equipment owned by a gas, telephone, or electric company).

**Class 4:** All other property, including commercial and industrial property, such as office buildings, hotels, stores and factories.

**2) State law requires that Finance assess properties in each class at a uniform percentage of value (called the "assessment ratio"). The estimated market value is multiplied by the assessment ratio for the property's tax class to obtain the "assessed value" of the property.**

**Class 1:** Assessment ratio is 6 percent. For example, a property that Finance estimates to be worth \$1,000,000 would have an assessed value of no more than \$60,000.

**Classes 2, 3, and 4:** Assessment ratio is 45 percent. For example, a property that Finance estimates to be worth \$1,000,000 would have an assessed value of no more than \$450,000.

**3) State law requires that Finance follow certain rules related to assessment changes as long as the change is not due to a physical change to your property, such as new construction or demolition.**

**Class 1:** We cannot increase assessments on a property more than 6 percent each year or more than 20 percent in five years.

**Class 2:** We cannot increase assessments on properties with ten units or fewer more than 8 percent each year or more than 30 percent in five years. Assessment changes on properties with eleven or more units must be phased-in over five years.

**Class 3:** There are no assessment limits on Class 3 properties.

**Class 4:** Assessment changes must be phased-in over five years.

**CALCULATING YOUR TAXES**

To estimate your annual tax bill, take the numbers shown below from the Notice of Property Value and follow the instructions.

CALCULATING YOUR TAXES	EXAMPLE - A CLASS 1 PROPERTY	YOUR PROPERTY
1. Enter the Taxable Value from the Notice	\$16,000	
2. Enter the Tax Rate for your Tax Class (see below)	X .16787 (16.787%)	X
3. Multiply Taxable Value by the Tax Rate	\$2,685.92	

**REMEMBER:** The tax rates change every year. The number above is only an estimate of the tax you will owe if the tax rate remains the same.

**TAX RATES:** Class 1: 16.787%    Class 2: 13.053%    Class 3: 12.577%    Class 4: 10.612%

**VETERANS' EXEMPTION:** Homeowners with a Veterans' Exemption are required to pay a tax to support public schools. For example, if your Veterans' Exemption is \$2,500, you pay the following tax to support schools:

Class 1: 9.870% \$246.75	Class 2: 7.705% \$192.63	Class 3: No Exemptions \$0	Class 4: 6.271% \$156.78
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**WHAT TO DO IF YOU THINK WE VALUED YOUR PROPERTY INCORRECTLY**

❖ **Tax Commission Appeals – ALL Tax Classes:** If you believe that the tax class, assessed value, or exemption shown on your Notice is wrong, you should file an application for correction with the NYC Tax Commission by March 2<sup>nd</sup> (Classes 2, 3, and 4) and March 16<sup>th</sup> (Class 1 only). Your application must be received by the deadline because the law does not permit an extension.

The Tax Commission can change your tax class, reduce your assessment, or adjust the exemption. You do not need an attorney to file with the Tax Commission, and you are not required to attend a personal hearing (unless you wish to do so). **The Tax Commission cannot change your market value. If you think your market value is incorrect, contact Finance.**

❖ **Class 1 ONLY:** If the descriptive information about your property is incorrectly shown on your Notice, Class 1 homeowners should file Finance's **Request to Update Property Data Form** by **April 23<sup>rd</sup>** so that it is reflected in your tax bill. Changes in your property information may – or may not – affect Finance's estimate of market value or the assessed value of your property.

❖ **Classes 2 and 4 ONLY:** If the tax class, gross income, gross expenses, or gross square footage shown on your Notice is incorrect, Class 2 and 4 owners may file Finance's **Request for Property Tax Assessment Review Form** by **April 23<sup>rd</sup>**.

❖ **Vacant Land ONLY -** If the descriptive information is incorrect, file Finance's **Request to Update Vacant Property Data Form** by **April 23<sup>rd</sup>** so that it is reflected in your tax bill.

*Please visit [nyc.gov/updatepropertydata](http://nyc.gov/updatepropertydata) to find these forms or call Customer Relations at 212-504-4080.*

**NOTE - SPECIAL INFORMATION FOR HOMEOWNERS WITH FEWER THAN 11 UNITS:**

Use the chart below to determine if you should file with the Tax Commission or Finance. The Tax Commission can only change your assessment, not your market value.

How do you know if you should appeal? Follow the steps below:

	EXAMPLE 1-3 units	EXAMPLE 4-10 units	Your Property
1. What do you think your property would sell for?	\$400,000	\$750,000	
2. Multiply what you think your property would sell for by the assessment ratio for your Tax Class – 6% for 1-3 units or 45% for 4-10 units.	X .06 \$24,000	X .45 \$337,500	
3. Enter the actual assessed value that appears on your Notice.	\$22,000	\$350,000	

4. If Line 3 is greater than Line 2, file with the Tax Commission. If Line 3 is less than Line 2, file with Finance.

Before you file with the Tax Commission, read **Form TC600 – “How to Appeal a Tentative Assessment.”** These instructions (and application forms) can be obtained on the Tax Commission's website at [nyc.gov/html/taxcomm](http://nyc.gov/html/taxcomm) or at any Finance Business Center. You may also call 3-1-1.

**GENERAL INFORMATION & CUSTOMER ASSISTANCE**

**ONLINE -**

- Visit Finance at [nyc.gov/propertytaxes](http://nyc.gov/propertytaxes)
- Email Finance at [correspondence@finance.nyc.gov](mailto:correspondence@finance.nyc.gov)

**BY PHONE -**

- Call Finance Customer Assistance at: **212-504-4080, or 311**
- TTY/TTD - Access for hearing-impaired: **212-504-4115**

**BY MAIL -** Mail Finance inquiries to:

- NYC Dept. of Finance, Correspondence Unit, 66 John St. – 3rd floor, New York, NY 10038, Attn: Notice of Property Value

**IN PERSON -** Visit any Finance Business Center, Monday - Friday, 8:30 am - 4:30 pm.

- Bronx ..... 3030 Third Avenue, 2nd floor
- Brooklyn..... 210 Joralemon Street, 1st floor
- Manhattan..... 66 John Street, 2nd floor
- Queens ..... 144-06 94th Avenue, 1st floor
- Staten Island ..... 350 St. Mark’s Place, 1st floor

**FOR TAX COMMISSION INQUIRIES**

**ONLINE -**

- Visit the Tax Commission website at [nyc.gov/html/taxcomm](http://nyc.gov/html/taxcomm)

**BY MAIL -** Mail Tax Commission inquiries to:

- NYC Tax Commission, 1 Centre Street, Rm. 936, New York, NY 10007

**RESIDENTIAL PROPERTY TAX EXEMPTIONS AND ABATEMENTS**

If you own a house, a condominium, or a co-op, and it is your primary residence, you qualify for at least one property tax exemption that will lower your tax bill. This is called Basic STAR (“School Tax Relief”). You may also qualify for other tax reductions, and can submit one form to apply for SIX of these tax reduction programs – THE EXEMPTION & ABATEMENT APPLICATION FOR OWNERS.

**How much can you save?** It is impossible to say exactly how much you will save. However, if you look at the following example, you will see how these programs can lower your tax bill:

If the assessed value of your 1-family house is:	\$15,000
You would multiply by the tax rate for all 1-family homes:	x 16.787%
Your tentative tax for the year would be:	\$ 2,518
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If you qualify for the Basic STAR	
This lowers your assessed value to:	\$13,800
Multiplied by the same tax rate:	x 16.787%
Your tax for the year would now be:	\$ 2,317
You would save:	\$201/per year
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If you further qualify for a 10% Senior Citizen Homeowners Exemption	
This lowers your assessed value to:	\$12,210
Multiplied by the same tax rate:	x 16.787%
Your tax for the year is now:	\$ 2,050
Your total yearly savings would be:	\$468/per year
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**IMPORTANT NOTE FOR ALL HOMEOWNERS:**

Check your **NOTICE OF PROPERTY VALUE** to review which exemptions you already have, and whether you are eligible for other tax reductions. Apply by March 16<sup>th</sup> for benefits in 2009.

To obtain an Exemption & Abatement Application and apply for the exemptions below, call 3-1-1 or visit the Finance website at [nyc.gov/finance](http://nyc.gov/finance). On the website homepage, click on **Apply for tax exemptions** in the Property box.

EXEMPTION/ABATEMENT	ELIGIBILITY	BENEFIT
<b>STAR (School Tax Relief) Basic STAR</b>	Available to all owners of houses, co-ops, and condos, as long as at least one owner uses the property as his or her primary residence. No age or income requirements.	<i>Tax savings: approximately \$200/year.</i>
<b>Enhanced STAR</b>	Available to seniors (age 65 or over) with annual adjusted gross incomes of \$73,000 or less.  Apply for either Basic or Enhanced STAR by submitting an Exemption & Abatement Application for Owners.	<i>Tax savings: approximately \$375/year.</i>
<b>Senior Citizen Homeowners' Exemption (SCHE)</b>	Available to seniors (age 65 or over) with annual adjusted gross incomes of less than \$37,400. To apply, complete and submit Exemption & Abatement Application for Owners.	Reduces assessed value from 5 – 50%, depending on income.  <i>Tax savings range from \$126-1,259/year.</i>
<b>Disabled Homeowners' Exemption (DHE)</b>	Available to homeowners with disabilities that have annual adjusted gross incomes of less than \$36,400. To apply, complete and submit Exemption & Abatement Application for Owners.	Reduces assessed value from 5 – 50%, depending on income.  <i>Tax savings range from \$126-1,259/year.</i>
<b>Veterans' Exemption</b>	Available to veterans of US military who served during designated periods of conflict, their spouses, widows/widowers of eligible veterans, and <i>Gold Star parents</i> (e.g., parents of soldiers killed in combat). To apply, complete and submit Exemption & Abatement Application for Owners.	Benefit depends on whether veteran served in combat area and/or was disabled during service.  <i>Tax savings: approximately \$660/year (after tax to support schools).</i>
<b>Co-Op/Condo Abatement</b>	Available only for Class 2 properties. To apply, complete and submit Exemption & Abatement Application for Owners.	Depending on the average assessed value of the unit, abatement is 17.5% or 25% of unit owner's property tax.  <i>Average tax savings: If abatement is 17.5%, savings is approximately \$900. If abatement is 25%, savings is approximately \$1,325.</i>
<b>Disabled Crime Victim and Good Samaritan Exemption</b>	Tax relief to crime victims who suffered a disability as a result of the crime and Good Samaritans who suffered a disability while trying to prevent a crime or assist the victim. Police officers not eligible. Eligible applicants must modify their homes to accommodate the disability. Separate application available on Finance web site.	Compensates the homeowner for cost of renovations to home to accommodate disability.
<b>Clergy Exemption</b>	Available to members of the clergy whose principal work is ministerial, retired members of the clergy, and widows/widowers of clergy members. Clergy member, not the religious organization, must own home. To apply, complete and submit Exemption & Abatement Application for Owners.	Reduces assessed value of home by \$1,500.  <i>Tax savings: approximately \$252/year.</i>

**Senior Citizen Rent Increase Exemption/Disabled Rent Increase Exemption:**  
If you rent to low-income seniors or people with disabilities, they may be entitled to a rent freeze paid for by an abatement of your property taxes. For information, call 311.

**FREQUENTLY ASKED QUESTIONS & ANSWERS**

**WHY IS THE MARKET VALUE OF MY HOME SO HIGH?** We value 1-, 2- and 3-family homes each year based on sales of similar properties that sold in the last three years. Therefore, if you purchased your home several years ago, the market value has probably increased significantly above what you paid for it. We determine the market value regardless of whether you plan to sell your home. You can go online to [nyc.gov/neighborhoodsales](http://nyc.gov/neighborhoodsales) to compare your market value with recent sales information in your neighborhood. If you believe we have valued your property incorrectly, *please see instructions on page 3 of this insert.*

**CAN I PROTEST MY MARKET VALUE OR ASSESSMENT?** If you believe we have valued your property incorrectly, check to see whether we have described your property correctly. Is the square footage right? Number of floors? If we made a mistake, please let us know by following the directions on page 3 of this insert. Your assessment is a percentage of the market value, which Finance calculates based on State law. If you believe that we calculated your assessment incorrectly, you can appeal to the Tax Commission, an independent agency. *Please see the instructions on page 3 of this insert.*

**CAN MY ASSESSMENT GO UP IF MY MARKET VALUE GOES DOWN?** Yes. For residential properties with fewer than 11 units, assessed values may take several years to catch up with market value growth because of the State's limit on assessment increases. (*See HOW FINANCE DETERMINES YOUR ASSESSMENT on page 2 of this brochure.*) For other properties, assessed value increases are phased in over five years. For this reason, it is possible that even when the market value decreases, your assessment may still go up due to the phase-in of increases from previous years.

**WHY DID THE MARKET VALUE OF MY INCOME-PRODUCING PROPERTY RISE BY SO MUCH?** If you were legally required to file a Real Property Income and Expense (RPIE) form and failed to do so in each of the last two years, your market value and assessment may have risen significantly. For properties that failed to provide this information, we estimated the market value based on income and expenses filed by owners of similar properties. Although the deadline to file an RPIE was September 2<sup>nd</sup>, 2008, owners may visit [nyc.gov/rpie](http://nyc.gov/rpie) and provide this information electronically, and Finance will consider the submitted information if filed by April 23<sup>rd</sup>.

**BASED ON THE INFORMATION IN THIS NOTICE OF PROPERTY VALUE, CAN I ESTIMATE WHAT MY PROPERTY TAXES WILL BE NEXT YEAR?** Yes, you can estimate your taxes. (*See CALCULATING YOUR PROPERTY TAXES on page 2 of this brochure.*)

**IS THE TENTATIVE ASSESSMENT ROLL SUBJECT TO CHANGE?** Yes. For example, Finance may adjust exemption benefits when we learn of changes in eligibility criteria. Finance is also authorized to increase or decrease tentative assessments during limited periods beginning January 15<sup>th</sup> if we made a mistake. If we change your assessment, Finance will send you a Revised Notice of Property Value.

**WHY DID MY EXEMPTION CHANGE?** It depends on the kind of exemption. If your income increased, your exemption benefits may be reduced, or you may no longer be eligible to receive an exemption that has an income requirement. The State certifies a new income requirement for Enhanced STAR, the Senior Citizen Homeowners' Exemption (SCHE), and the Disabled Homeowners' Exemption (DHE) every year. Also, the State lowered the STAR exemption amount.

**HOW CAN I OBTAIN MORE INFORMATION ABOUT MY PROPERTY?** Finance maintains detailed descriptive information on every property. Much of this information appears on Finance's web site at [nyc.gov/propertytaxes](http://nyc.gov/propertytaxes). You can view ownership information online at [nyc.gov/acris](http://nyc.gov/acris) for properties in all boroughs except Staten Island.