

New York City Faces Property Tax Appeal Deadline Amid Real Estate Challenges

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Tax Alert

3.6.24

Every spring, New York properties have an opportunity to review and consider the accuracy of their property assessments. This year, many commercial property owners are facing a cold reality – property assessments that do not reflect decreased valuations caused by higher interest rates and increased vacancies. Although a challenging period for commercial property owners, New Yorkers have options for ensuring they are assessed fairly and not paying more than their fair share of taxes. This includes either filing an appeal to the NYC Tax Commission or a request for review (“RFR”) submitted to the Department of Finance.

The Current Landscape

The New York City Department of Finance has recently distributed 1.1 million property valuations, igniting the annual process of assessment and appeal that culminates with the finalization of the tax roll and the due date for taxes in July. This year’s valuations arrive amidst a backdrop of significant fiscal and real estate challenges:

- Commercial properties, while comprising 21.3% of the total market value, disproportionately bear 38.8% of the property tax levy.
- The city’s budget is strained by the expiration of federal COVID-19 stimulus funds, subdued economic growth, and the lingering effects of the pandemic on the real estate market, particularly with commercial office vacancies and a decline in residential sales.
- Property tax revenue, a major source of city funds, experienced a dramatic dip and recovery over the past two years, reflecting the volatile impact of the pandemic and subsequent economic adjustments.

Why Consider an Appeal?

The reassessment and appeal process is not merely a bureaucratic hurdle, but a critical financial consideration for property owners. There are several compelling reasons for successfully having your assessment reduced:

- **Inaccurate Property Details:** Errors in city records regarding your property’s specifications can lead to overvaluation and higher taxes.
- **Disproportionate Valuation:** If your property’s assessed value is out of step with similar properties, an appeal can rectify this discrepancy, potentially lowering your tax burden.

Navigating the Appeal Process

Successfully challenging a property tax assessment in New York City requires strategic preparation and a thorough understanding of the process:

1. **Assess Comparable Properties:** Compile data on similar properties to establish a baseline for your appeal and whether the assessment is inaccurate.

2. **Contact the Assessor's Office:** Engage with city officials to understand the basis of your assessment and identify any possible errors or oversights.
3. **File an Appeal/RFR:** Submit your appeal or RFR by the relevant deadline, complete with all necessary documentation and evidence to support your case.

Current Deadlines

The deadline for filing an appeal or RFR will differ depending on the class of property at issue. The following deadlines are relevant for properties in New York City:

Class

Description

Deadlines

Class 1

Most residential properties of up to 3 units

Appeal: March 1, 2024

RFR: March 15, 2024

Class 2

Residential properties over 3 units

Appeal: March 1, 2024

RFR: April 1, 2024

Class 3

Most utility properties

Appeal: March 1, 2024

RFR: n/a

Class 4

All commercial and industrial properties

Appeal: March 15, 2024

RFR: April 1, 2024

Considerations and Consequences

A successful appeal can lead to a significant reduction in your property tax bill, aligning your payments more closely with the actual value of your property. It's important, however, to weigh the potential impact on your property's market value and consider the costs associated with the appeal process, including legal fees and the time invested in preparing your case.

If you're considering an appeal or would like more information about the process and how it might benefit your situation, real estate tax assessment appeals or the approaching deadlines, please contact James C. Vandermark (vandermarkj@whiteandwilliams.com; 646.837.5791) or Jonah S. Levinson (levinsonj@whiteandwilliams.com; 212.244.9500) or another member of the Financial Restructuring and Bankruptcy Practice group.

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