

# REFORM THE COOP / CONDO TAX ABATEMENT TO #SAVENYCHA A7092 / S5267

Every year, NYC gives away about **\$600 million** in a relatively unknown tax break through the Cooperative and Condominium Property Tax Abatement. More than 320,000 cooperative and condominium homeowners received an average tax break of \$1,890 in FY2019 but *benefits to luxury homeowners far exceed this average* (as shown in the Top 10 Abatement Chart). While this abatement is the 2<sup>nd</sup> largest tax expenditure in New York City, many homebuyers are unaware of it when they purchase an apartment. Unlike the federal Mortgage Interest Deduction, it does not typically factor into a buyer's calculation of affordability. Although household income data is not made public for individual abatement recipients, NYC's Housing and Vacancy Survey indicates that 10% of all coop / condo owners citywide earn more than \$350k/year.

**NY State Legislation A7092 / S5267, sponsored by Assembly Member Robert Rodriguez and Senator Brian Kavanagh, proposes to renew and reform the Cooperative / Condominium Property Tax Abatement as follows:**

- 1. Renews the Cooperative / Condominium Property Tax Abatement for ~90% of homeowners.** Scheduled to sunset in June 2019, this bill continues to reduce the real property taxes for the vast majority of coop / condo owner-occupiers by 17.5% - 28.1%, depending on assessed value.
- 2. Ends tax breaks for the top 10% of luxury properties,** with DOF billable assessed value of \$200k per unit or more. DOF billable assessed value is a mere fraction of actual market value. Luxury owners, like President Trump, don't need this abatement (he was eligible for \$48k in tax relief when he resided in NYC)!
- 3. Redirects earmarked revenue to #SAVENYCHA.** An estimated \$3.3 billion in bond financing can be raised with \$169 million in projected annual revenue, which will be collected by ending this tax break to luxury owners. This can help close the \$8 billion funding gap identified in the NYCHA 2.0 Plan which raises \$24 billion towards the \$32 billion total capital needs.

| TOP 10 LARGEST ABATEMENTS PER UNIT |          |                  |
|------------------------------------|----------|------------------|
| 1                                  | \$44,815 | COLUMBUS CIRCLE  |
| 2                                  | \$44,644 | EAST 95TH STREET |
| 3                                  | \$44,644 | EAST 95TH STREET |
| 4                                  | \$35,662 | PERRY STREET     |
| 5                                  | \$32,952 | EAST 95TH STREET |
| 6                                  | \$31,617 | RIVERSIDE BLVD   |
| 7                                  | \$31,430 | EAST 87TH STREET |
| 8                                  | \$30,958 | PARK AVENUE      |
| 9                                  | \$30,525 | BOND STREET      |
| 10                                 | \$30,504 | LEONARD STREET   |

| CITYWIDE IMPACT ANALYSIS (Estimate as of 5/13/2019)     |   |
|---|---|
| 400,000 NYCHA Residents                                 | \$32 Billion NYCHA Capital Repair Needs                             |
| 324,000 Coop / Condo Units Receiving Abatements in 2019 | \$612 Million Total Abatement Amount in 2019                        |
| 30,000 Luxury Owners Ineligible Under A7092 / S5267     | \$169 Million in Redirected Annual Tax Revenue Under A7092 / S5267  |
| ASSEMBLY DISTRICT 73                                    |   |
| 36,469 Coop / Condo Units Receiving Abatements in 2019  | \$136 Million Total Abatement Amount in 2019                        |
| 13,406 Luxury Owners Ineligible Under A7092 / S5267     | \$77.6 Million in Redirected Annual Tax Revenue Under A7092 / S5267 |

Data Reference: NYC Department of Finance data analysis provided by Citizens Housing & Planning Council (chpcny.org).