

# 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
SENATE DISTRICT 31	
15,488 NYCHA Residents	\$1.3 Billion NYCHA Capital Repair Needs
17,975 Coop / Condo Units Receiving Abatements in 2019	\$37.8 Million Total Abatement Amount in 2019
1,282 Luxury Owners Ineligible Under A7092 / S5267	\$5.3 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).