

# SECOND-HOME ANNUAL TAX

New York State has enacted a phased Second-Home Annual Tax on certain high-value New York City residential properties that are not primary residences. The tax applies to one- to three-family homes, condominiums, and cooperatives. The tax takes effect in phases.

## Key Details & Timeline



The tax will be in place for five years. It will end after June 30, 2031 unless it's extended or replaced.

## 1 About the Tax

The tax applies to higher-value residential properties not used as a primary home. Rules differ between **Phase 1** and **Phase 2**.

	Phase 1 (Values Based on Current DOF Market Value)		Phase 2 (Values Based on Comparable Sales)	
1-3 family homes	\$5M-\$15M	0.80%	\$5M-\$15M	0.80%
	\$15M-\$25M	1.05%	\$15M-\$25M	1.05%
	Over \$25M	1.30%	Over \$25M	1.30%
Condos / Co-ops	\$1M-\$3M	4.00%	\$5M-\$15M	0.80%
	\$3M-\$5M	5.25%	\$15M-\$25M	1.05%
	Over \$5M	6.50%	Over \$25M	1.30%

**Excluded from the surcharge:** Vacant land, unsold sponsor units still under an offering plan, and properties lacking a required certificate of occupancy.

## 2 How Phase 1 & Phase 2 Differ

	Phase 1	Phase 2
Timing	July 1, 2026 - June 30, 2028	July 1, 2028 onward
Thresholds	1-3 family homes: \$5M+ Condos/co-ops: \$1M+	All covered property types: \$5M+
Rates	1-3 family homes: 0.8% - 1.3% Condos/co-ops: 4.0% - 6.5%	All covered property types: 0.8% - 1.3%
Valuation Method	Current DOF market values for all covered property types	Sales-comparable market value for all covered property types

### How Condos & Co-ops Are Valued:

- **Phase 1, Uses current DOF Market Values:** Condos and co-ops are valued using current DOF market values, which are the values produced under the City's existing property tax assessment system. For co-ops, individual unit value is determined based on building market value and share allocation.
- **Phase 2, Uses Comparable Sales Values:** Condos and co-ops would move to a comparable-sales market value approach, meaning DOF would look to sales of comparable properties to determine unit value for purposes of this surcharge.

## 3 How the Annual Tax Is Calculated - An Example

Current DOF market value: \$1,300,000

Sale Price: \$8,400,000

Phase 1: Tax in Year 1 - 2 =  $(\$1,300,000 * 4\%) = \$52,000$

Phase 2: Tax in Year 3 - 5 =  $(8,400,000 * 0.8\%) = \$67,200$

## 4 Primary Residence Framework

The tax applies only if the property is **not** a primary residence. Primary residences are:

### Owner Occupied

Primary residence of one or more owners

### Tenant Occupied

Primary residence of a tenant who lives in the unit under a lease of at least one year in arms length transaction

### Family Occupied

Primary residence of qualifying immediate family members of the owner

**Note:** Owners will have an opportunity to contest a finding that their unit is subject to the tax and should be prepared to provide documentation that would support any challenge.