

Tax class one property owners need to be vigilant in having their upcoming 2026/27 tax assessment reviewed - by Peter Blond



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In my August 2025 article, I discussed what a Zohran Mamdani-led New York City could look like – early on – from a real estate tax perspective. Fast forward just a few months and things are accelerating faster than an out-of-control locomotive. Previously I opined that Mamdani would probably be limited to impacting only tax rates, at the earliest, in June of 2026, (more likely November of 2026 as larger than statutorily permissible increases require Albany’s sign-off). Additionally, I theorized that any potential shock to the assessment system itself would be delayed until the 2027/28 tax year, as new assessments are released in mid-January every year.

My belief, that Mamdani lacked sufficient time to impact this coming January’s release of the 2026/27 assessment roll, has left the building! During a recent interview, Mamdani noted his proposed programs will be funded whether “this money is funded by the additional taxes OR IT’S FUNDED BY A BETTER-THAN-EXPECTED (TAX) ASSESSMENT...” (emphasis

added). This statement may suggest that Mamdani is planning to give very explicit directives to the Department of Finance regarding valuations and valuation approaches in January of 2026, despite the time constraints.

Clearly, there is neither time for a city-wide revaluation of all properties, nor would it be appropriate for city assessors to change all their valuations. Accordingly, one must conclude that Mamdani is contemplating copying past circumvention practices to rapidly change the real estate playing field.

In the past, New York City and other New York State jurisdictions have reduced residential assessment ratios to wildly adjust tax class one market valuations while leaving the rest of the assessments undisturbed, from a ratio or equalization rate perspective. This practice has previously been employed to redistribute a municipality’s real estate tax burdens on ‘more valuable’ neighborhoods. Mamdani has stated many times, including on his campaign website, that he will shift the property tax burden from the outer boroughs to “more expensive homes in richer and whiter neighborhoods.”

These statements, in the aggregate, suggest his team may be planning to reduce the New York City tax class one ratio from the current 6% to 4%. You can only shift the burden by decreasing the ratio, as New York State law

limits how much you can increase tax class one assessed values (6% in one year, 20% over a 5-year period). In other words, nobody can simply order that you increase the assessments of “more expensive” or “whiter” areas because the limitation prevents sufficient leveling of the playing field.

New York City 1-, 2- and 3-family houses have an estimated market value for real estate tax purposes as well as an effective market value. The estimated equals what the city’s assessor deems the present arms-length value of the home. The effective market value indicates the maximum level the city can assess the property for due to the state limitation. For most properties, there is a gap between the estimated valuation and the effective due to the limit and the passage of time.

Homeowners with the most exposure have the widest gap between the currently estimated market value and the dramatically trailing effective valuation, particularly for more recently gentrified areas of the municipality. Here are some examples of how a single-family homeowner may be impacted should these tactics come to fruition.

“Blondrock,” located east of Central Park in the 70’s has an estimated market value of \$16 million but an effective value of “only” \$10 million. If the city were to reduce the class one ratio from 6% to 4%, while maintaining estimated

valuations, other wise, this property would see its taxable market value rise from \$10 million at 6% to the full \$16 million at 4%. Or, in assessed value terms, this property would go from \$600,000 to \$636,000. While this seems relatively tame, there are many properties that are going to see their assessed value decrease substantially. If tax rates stay flat or rise, Blondrock may be paying a dramatically higher annual tax bill compared to properties that may receive a reduction from this methodology.

As another example, “Blondcastle” located in Riverdale has an estimated market value of \$3.7 million and an effective of \$1.6 million. This property would also see the maximum increase as opposed to any decrease in assessed value. Properties with estimated and effective values, closest or equal, will undoubtedly benefit the most from any such scheme. For example, “Blondcottage” is valued at an estimated & effective value of \$1 million. Blondcottage would see its assessed value plummet from \$60,000 to \$40,000.

As these changes could come with little to no warning, tax class one property owners need to be vigilant in having their upcoming 2026/27 tax assessment reviewed for the first time in decades in New York City.

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