

NYC NON-PRIMARY RESIDENCE SURCHARGE

Client summary for second homes and pied-à-terre owners

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THIS REPLACES THE EARLIER SUMMARY

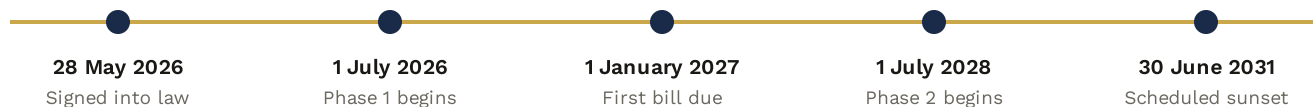
The tax is no longer a proposal. It is enacted and in force.

The measure passed on 27 May 2026 and was signed the following day as Part HH of Chapter 59 of the Laws of 2026, adding sections 1350 through 1356 to the State Tax Law.^{1,2} It has applied since 1 July 2026, it appears on the property tax bill due 1 January 2027, and it is scheduled to sunset on 30 June 2031 unless extended.³ Owners sent a notice have until **6 October 2026** to file for an exemption. Page 4 covers that filing.

Overview

New York State has imposed an annual surcharge on high value New York City residences that do not serve as anyone's primary residence. It reaches one to three family homes, condominiums and cooperatives, and it is structured in two phases that use different valuation methods. The phase you are in sets both the threshold at which the surcharge begins and the rate applied to your property.³

Timeline



Client takeaway

Three things decide your exposure: the valuation method used in your phase, whether the property qualifies as someone's primary residence, and whether you file on time. The first is fixed by statute, the second is a question of documents, and the third is a deadline three weeks away.

What the surcharge costs

Annual surcharge rates

Rates apply to the full value of the property, not only to the amount above the threshold.

PROPERTY TYPE	PHASE 1 VALUE (DOF MARKET VALUE)	RATE	PHASE 2 VALUE (COMPARABLE SALES)	RATE
1 to 3 family homes	\$5M to \$15M	0.80%	\$5M to \$15M	0.80%
	\$15M to \$25M	1.05%	\$15M to \$25M	1.05%
	Over \$25M	1.30%	Over \$25M	1.30%
Condos and co-ops	\$1M to \$3M	4.00%	\$5M to \$15M	0.80%
	\$3M to \$5M	5.25%	\$15M to \$25M	1.05%
	Over \$5M	6.50%	Over \$25M	1.30%

Outside the surcharge: vacant land, unsold sponsor units still under an offering plan, and properties lacking a required certificate of occupancy.⁴

Phase 1 compared with Phase 2

The same apartment can be taxed on two very different bases depending on the year.

	PHASE 1	PHASE 2
Timing	1 July 2026 to 30 June 2028	1 July 2028 onward
Thresholds	Homes from \$5M. Condos and co-ops from \$1M.	All covered property types from \$5M.
Rates	Homes 0.80% to 1.30%. Condos and co-ops 4.00% to 6.50%.	All covered property types 0.80% to 1.30%.
Valuation	Department of Finance market value for all covered property types.	Sales comparable market value for all covered property types.

Why the valuation method decides the bill

Where the pressure actually sits

In Phase 1 the surcharge is applied to the Department of Finance market value. For condominiums and cooperatives that figure comes from an income capitalization method built for rental buildings, so it routinely sits far below what the apartment would actually sell for. The City's own guidance treats a condo or co-op valued at \$1 million as comparable to a single family home valued at \$5 million, which is why the Phase 1 rates for apartments are several times higher.^{3,5}

From Phase 2 the City must value condominiums and cooperatives using arm's length sales of comparable units. The threshold rises to \$5 million for every property type and the rates fall into the 0.80% to 1.30% band. A much lower rate, applied to a very much larger base.

This remains the key planning issue for luxury condo and co-op owners.

The same apartment, both phases

Department of Finance market value	\$1,300,000
Actual sale price	\$8,400,000
Phase 1, at 4.00% of DOF value	\$52,000 / yr
Phase 2, at 0.80% of sales value	\$67,200 / yr
Annual difference	\$15,200 / yr

The rate falls by four fifths and the annual bill still rises by roughly a third. Any hold modeled beyond 2028 should carry both numbers.

Primary residence framework

Owner occupied

Primary residence of one or more of the owners.

Tenant occupied

Primary residence of a tenant or subtenant under a bona fide arm's length lease of at least one year.

Family occupied

Primary residence of an immediate family member of the owner or of a majority interest holder.

Entity or trust owned

Primary residence of those holding a majority interest, or of the sole beneficiary or beneficiaries.

First year determinations rely on the taxable status date of 5 January 2026. A property that changed use after that date may still appear on the roll.³

The exemption, the deadline and appeals

TIME SENSITIVE

If the Department of Finance sent you a notice, the exemption application is due 6 October 2026.

The City published a supplemental market value roll on 24 July 2026 and mailed notices to roughly 17,000 owners. A notice is not a determination. It means the property was flagged as possibly non primary, and the burden of showing otherwise sits with the owner. The original August deadline has been extended twice.^{7,9} Doing nothing converts an application into an appeal, which is a materially harder position.

What the Department of Finance will accept

Residency proof is required for every occupant claimed as a primary resident, plus the additional items below.^{3,4}

- **Residency proof, in all cases.** The most recently filed federal or state tax return, or a driver's license or other DMV issued identification. If neither is available, a voter identification card together with further proof of primary residence.
- **Tenant or subtenant.** The current lease plus one further rental document such as a utility bill, proof of rent paid or renter's insurance. Alternatively a tenant or subtenant affidavit plus two such documents.
- **Immediate family member.** A birth or marriage certificate, or the immediate family member affidavit.
- **LLC, corporation, partnership or trust.** The operating agreement, partnership agreement, trust instrument or articles of incorporation, together with a majority interest affidavit.

If you own in a cooperative

A co-op is a single tax lot, so the surcharge is assessed against the building and the corporation collects it from the shareholders whose units are not primary residences. Boards are still deciding how to allocate it. Ask your managing agent how yours intends to, because the method chosen can reach shareholders who owe nothing themselves.⁵

If you are denied

The appeal runs to the New York City Tax Commission on Form TC107, due 1 March 2027 for Tax Class 2 and 15 March 2027 for Tax Class 1 where the market value is also being appealed. One surcharge appeal is permitted each year. The Department's determination is presumed correct and the burden of proof is the owner's.⁶

Where it stands, and what to do next

The litigation, in short

Three owners sued in Richmond County in August, arguing the City shifted onto homeowners a burden of proof the statute placed on the City. A restraining order was granted on 10 August 2026, the City appealed within hours, and the Appellate Division let the rollout continue on 13 August. After two hours of argument on 31 August, no decision had issued.^{8,9}

The challenge is to how the surcharge is administered, not to whether it is lawful. File regardless.

What to do next

- 1 **Check the roll.** Confirm whether the property is on the supplemental market value roll, and whether a notice went to the address of record rather than to you.³
- 2 **File by 6 October 2026 if a claim exists.** Assemble the page 4 documents before you start.
- 3 **Re-run the hold.** Model the annual carry under both phases. The 2028 change moves the number more than the rate suggests.
- 4 **Ask the board.** In a cooperative, get the allocation method in writing before the January bill.
- 5 **Call me before you list or buy.** The surcharge now sits inside every carrying cost conversation, and it belongs in the pricing discussion from the start.

Sources

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9. **NY1**, no decision, 31 August 2026
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This summary is general information current as of 11 September 2026. It is not tax, legal or accounting advice, it is not an appraisal or a valuation, and it is not a representation about any specific property, ownership structure or transaction. The surcharge turns on facts specific to you. Retain your own attorney and accountant before filing or relying on any of it.

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