

RATING ACTION COMMENTARY

Fitch Rates New York City's \$2.8B Fiscal 2026 Series H GO Bonds 'AA'; Outlook Remains Negative

Thu 09 Apr, 2026 - 5:40 PM ET

Fitch Ratings - New York - 09 Apr 2026: Fitch Ratings has assigned 'AA' ratings to the following New York City general obligation (GO) bonds fiscal 2026, series H:

--\$2,300,000,000 taxable GO bonds, subseries H-1;

--\$200,000,000 tax-exempt adjustable rate GO bonds, subseries H-2;

--\$300,000,000 taxable adjustable rate GO bonds, subseries H-4.

The subseries H-1 bonds will price April 14 and 15 via negotiation. Subseries' H-2 and H-4 initial rate setting is April 22.

In addition, Fitch assigns a 'AA' rating to bank bonds associated with the subseries H-2 and subseries H-4 bonds in connection with the liquidity facility provided by JP Morgan Chase Bank for the subseries H-2 bonds and credit facility provided by Bank of America for the subseries H-4 bonds.

The Rating Outlook remains Negative and reflects the potential for weakening of the city's financial resilience, the widening of out-year budget gaps, and uncertain gap-closing solutions which could require city council or state approvals.

RATING ACTIONS

ENTITY / DEBT ↕

RATING ↕

PRIOR ↕

New York City (NY)
[General Government]

New York City (NY) /General Obligation - Unlimited Tax/1 LT	LT	AA Rating Outlook Negative	AA Rating Outlook Negative
	Affirmed		

[VIEW ADDITIONAL RATING DETAILS](#)

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Failure to implement primarily recurring policy measures to address budget gaps, which would be contrary to the city's past practices and Fitch's expectations, contributing to a sustained erosion of the city's reserve cushion (sum of the revenue stabilization fund plus the FYE discretionary transfer and the RHBT fund balance) to below 7.5% of general fund spending, which would lead to a change in the financial resilience assessment to below 'aa';
- An approximate 40% sustained increase in long-term liabilities associated with debt and Fitch-adjusted NPLs and carrying costs, assuming current levels of personal income and governmental resources and spending or evidence of higher growth in unfunded OPEB liabilities;
- Regular leveraging of the property tax levy close to maximum permitted levels that erodes future tax increase flexibility and results in a reduction in the assessments of revenue control and budgetary flexibility.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Credible plans for resolving fiscal 2027 and out-year budget gaps through primarily recurring fiscal measures and demonstrated commitment to maintaining available reserves at no less than 7.5% of general fund spending would support a revision of the Outlook to Stable;
- An approximate 35% decrease in long-term liabilities and carrying costs, assuming current levels of personal income, governmental revenues and spending;

-- Notable improvement in the city's demographic and economic strengths metrics, evidenced most notably by higher resident income and improved population trends.

SECURITY

The city's GO bonds carry a pledge of New York City's full faith and credit, supported by a levy by the city of ad valorem taxes (without limit as to rate or amount) on all real property within the city subject to taxation. The city is not subject to New York state's property tax cap.

FITCH'S LOCAL GOVERNMENT RATING MODEL

The Local Government Rating Model generates Model Implied Ratings, which communicate the issuer's credit quality relative to Fitch's local government rating portfolio. (The Model Implied Rating will be the IDR except in certain circumstances explained in the applicable criteria.) The Model Implied Rating is expressed via a numerical value calibrated to Fitch's long-term rating scale, which ranges from 10.0 or higher (AAA), 9.0 (AA+), 8.0 (AA) and so forth down to 1.0 (BBB- and below).

Model Implied Ratings reflect the combination of issuer-specific metrics and assessments to generate a Metric Profile and a structured framework to account for Additional Analytical Factors not captured in the Metric Profile that can either mitigate or exacerbate credit risks. Additional Analytical Factors are reflected in notching from the Metric Profile and are capped at +/-3 notches.

RATINGS HEADROOM & POSITIONING

New York City Model Implied Rating: 'AA' (Numerical Value: 8.68)

-- Metric Profile: 'AA-' (Numerical Value: 7.68)

-- Net Additional Analytical Factor Notching: +1.0

Individual Additional Analytical Notching Factors:

-- Economic and Institutional Strength: +1.0

New York City's Model Implied Rating is 'AA'. The associated numerical value of 8.68 is in the middle of the 8.0 to 9.0 range for a 'AA' rating.

KEY RATING DRIVERS

FINANCIAL PROFILE

Financial Resilience - 'aa'

New York City's financial resilience is driven by the combination of its 'High' revenue control assessment and 'Midrange' expenditure control assessment, culminating in a 'High Midrange' budgetary flexibility assessment.

-- Revenue control assessment: High

-- Expenditure control assessment: Midrange

-- Budgetary flexibility assessment: High Midrange

-- Minimum fund balance for current financial resilience assessment: $\geq 7.5\%$

-- Current year fund balance to expenditure ratio: 9.4% (2025)

-- Lowest fund balance to expenditure ratio for the fiscal-year period 2021-2025: 9.4% (2025)

Revenue Volatility - 'Strongest'

New York City's weakest historic three-year revenue performance is neutral to the Model Implied Rating.

The revenue volatility metric is an estimate of potential revenue volatility based on the issuer's historical experience relative to the median for the Fitch-rated local government portfolio. The metric helps to differentiate issuers by the scale of revenue loss that would have to be addressed through revenue raising, cost controls or utilization of reserves through economic cycles.

-- Lowest three-year revenue performance (based on revenues dating back to 2005): 5.5% increase for the three-year period ending fiscal 2011

-- Median Fitch portfolio issuer decline: -4.3% (2025)

DEMOGRAPHIC AND ECONOMIC STRENGTH

Population Trend - 'Weakest'

Based on the median of 10-year annual percentage change in population, New York City's population trend is assessed as 'Weakest'.

Population trend: -0.2% 2024 median of 10-year annual percentage change in population (7th percentile)

Unemployment, Educational Attainment and MHI Level - 'Midrange'

The overall strength of New York City's demographic and economic level indicators (unemployment rate, educational attainment, median household income [MHI]) in 2025 are assessed as 'Midrange' on a composite basis, performing at the 44th percentile of Fitch's local government rating portfolio. This is due to high education attainment levels offsetting low median-issuer indexed adjusted MHI and high unemployment rate.

-- Unemployment rate as a percentage of national rate: 120.9% Analyst Input (26th percentile)

-- Percent of population with a bachelor's degree or higher: 41.7% (2024) (77th percentile)

-- MHI as a percent of the portfolio median: 86.9% (2024) (29th percentile)

Economic Concentration and Population Size - 'Strongest'

New York City's estimated population in 2025 was of sufficient size and the economy was sufficiently diversified to qualify for Fitch's highest overall size/diversification category.

The composite metric acts asymmetrically, with most issuers (above the 15th percentile for each metric) sufficiently diversified to minimize risks associated with small population and economic concentration. Downward effects of the metric on the Metric Profile are most pronounced for the least economically diverse issuers (in the fifth percentile for the metric or lower). The economic concentration percentage shown below is defined as the sum of the absolute deviation of the percentage of personal income by major economic sectors relative to the U.S. distribution.

-- Population size: 8,584,629 (2025) Analyst Input (above the 15th percentile) (vs. 8,478,072 2024 Actual)

-- Economic concentration: 37.0% Analyst Input (above the 15th percentile)

Demographic and Economic Strength Additional Analytical Factors and Notching: +1.0 notch (for Economic and Institutional Strength)

A one-notch positive Additional Analytical Factor has been applied to recognize the city's important role and significant contributions to the growing New York-Newark-Jersey City, NY-NJ-PA MSA, the largest MSA in the nation. The MSA accounts for over 10 million jobs and ranks as the largest job market in the nation.

Analyst Inputs to the Model

Analyst inputs to the model reflect metric adjustments to account for historical data anomalies, forward-looking performance shifts or non-recurring events that may otherwise skew the time series.

The most recent demographic data was used, including the 2025 unemployment rates from the U.S. Bureau of Labor Statistics. For population trend, the 10-year trend through 2024 was used to inform the metric.

LONG-TERM LIABILITY BURDEN

Long-Term Liability Burden - 'Weak'

New York City's liabilities to governmental revenue remain strong while carrying costs to governmental expenditures and liabilities to personal income remain weak. The long-term liability composite metric in 2025 is at the 30th percentile, indicating a somewhat elevated liability burden relative to Fitch's local government rating portfolio.

-- Liabilities to personal income: 24.0% Analyst Input (1st percentile) (vs. 22.8% 2025 Actual)

-- Liabilities to governmental revenue: 155.5% Analyst Input (61st percentile) (vs. 148.1% 2025 Actual)

-- Carrying costs to governmental expenditures: 16.6% Analyst Input (37th percentile) (vs. 20.2% 2025 Actual)

Analyst Inputs to the Model

Analyst inputs to the model reflect metric adjustments to account for historical data anomalies, forward-looking performance shifts or non-recurring events that may otherwise skew the time series.

Direct debt was adjusted to reflect principal amortization through the end of fiscal 2026, the current new money issuance, and non-refunding city GO bond and Transitional Finance Authority revenue bond issuances occurring after fiscal year-end 2025.

PROFILE

Fitch considers the city's status as an international center for numerous industries and a major tourism destination, as well as its proven resilience through the pandemic-related downturn and prior severe economic disruptions, as credit strengths.

DATE OF RELEVANT COMMITTEE

19 March 2026

Sources of Information

In addition to sources of information identified in Fitch's applicable criteria specified below, this action was informed by data from DIVER by Solve.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

<https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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APPLICABLE CRITERIA

[U.S. Public Finance Local Government Rating Criteria \(pub. 02 Apr 2024\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

FAST Econometric API - Fitch Analytical Stress Test Model, v3.1.1 (1)

U.S. Local Government Rating Model, v1.2.0 (1)

ADDITIONAL DISCLOSURES

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New York City (NY)

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