



CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
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DEPUTY COMPTROLLER FOR AUDIT

BUREAU OF AUDIT

December 29, 2025

By Electronic Mail

The Honorable Neil Schaier, President and Commissioner
Office of Administrative Tax Appeals
1 Centre Street, Room 2400
New York, NY 10007

Re: **Final Audit Letter Report on the Office of Administrative Tax Appeals' Equitable Handling of Appeals of Real Property Assessment (FN25-068A)**

Dear Commissioner Schaier:

This Final Audit Letter Report concerns the New York City Comptroller's audit of the Office of Administrative Tax Appeals' (OATA) handling of real property assessment appeals and evaluates OATA's equity and fairness in processing and reviewing appeal applications.

Background

Real property tax is the City's largest source of tax revenue. The New York City Department of Finance (DOF) is responsible for valuing real property, calculating tax amounts, and collecting tax from property owners. A property owners who disagrees with DOF's assessment of their property value may file an administrative review with OATA, an independent agency established by Local Law 59 of 2007 to ensure fair and efficient review of real property tax appeals.¹

Properties in the City are categorized into four tax classes:

- **Class 1:** Residential properties with one to three units, most residentially zoned vacant land outside Manhattan, and certain condominiums up to three stories;
- **Class 2:** Residential properties with more than four units, including cooperatives and condominiums;
- **Class 3:** Utility company equipment and special franchise properties; and
- **Class 4:** All other real property, including office buildings, factories, stores, and hotels.

Each year by January 15, DOF sends property owners or designees Notices of Property Value informing them of the tentative assessed value and exemptions of their property for the

¹ OATA consists of the Tax Commission and Tax Appeals Tribunal. The Tax Commission handles protests of property tax assessments, and the Tax Appeals Tribunal is responsible for appeals of income and excise tax determinations made by the Department of Finance.

upcoming tax year.² Property owners (or an aggrieved party) who disagree with the assessment may file an appeal with OATA by March 15 for Class 1 properties or March 1 for all other classes.³

Grounds for challenging an assessment include:

- **Excessive assessment:** Value exceeds full market value or exemptions were denied;
- **Unequal assessment:** Assessed at a higher rate than comparable properties;
- **Unlawful assessment:** Property should not have been assessed; or
- **Misclassified assessment:** Incorrect tax class assigned.

If an applicant files an appeal, OATA schedules a hearing unless the applicant waives one. When scheduling hearings, OATA generally prioritizes high-value properties first to try to resolve these cases before the City Council sets the tax rate, since they have the greatest impact on the tax roll.⁴ Applicants may hire legal representatives to represent them before OATA's hearing officers.

Applicants may also request OATA make "no further review" at any time. This usually happens when the applicants cannot provide sufficient evidence to show that DOF incorrectly assessed their property value. According to OATA officials, OATA takes no further action if applicants make this request.

At the hearing, both the property owner (or their legal representative, if they chose to hire one), and the City (represented by DOF), present their evidence and arguments about the property's assessed value. The OATA Hearing Officer reviews the information, may ask questions, and later makes a determination.

OATA reviews the evidence and issues its decision to applicants through a determination letter. In cases where OATA offers a reduction in assessed value and the applicant accepts the offer, DOF adjusts the assessment accordingly. If the application is denied, or the offer rejected, applicants may pursue judicial review through a Small Claims Assessment Review (SCAR), or a tax certiorari proceeding in the New York State Supreme Court. In order to pursue judicial review, applicants must first file an administrative review.⁵

According to OATA's reports, there were approximately 57,000 annual appeal applications filed in Tax Years 2023–24 and 2024–25.

Findings

The audit found that OATA treats all applications fairly and equitably once appeal hearings are scheduled. OATA also conducts internal supervisory reviews to help ensure consistency and accuracy in appeal decisions.

² Assessed value is calculated by multiplying the market value of the property by assessment percentage. The assessment percentage of Class 1 properties is set at 6% and the percentage for other tax classes is set at 45%. The assessed value is subject to caps that limit how much it can increase each year.

³ An aggrieved party is one who has a financial or some other specified interest in a property, such as a tenant who is required to pay the property taxes pursuant to a written agreement or lease, or a board of managers acting as an agent of owners of one or more condominium units.

⁴ According to OATA, the definition of high-value properties varies from year to year. For example, for Tax Year 2023–24, properties with an assessed value of \$250 million and higher were considered high value.

⁵ SCAR offers a less costly and more informal alternative to a full tax certiorari proceeding for property owners of one-, two-, or three-family, owner-occupied residences.

However, property owners in Queens and Staten Island on average experienced longer wait times to receive hearings and determinations for their appeals compared to other boroughs. Specifically, during Tax Year 2023–24, for applicants in Queens and Staten Island, the overall average processing time for appeals was the same at 198 days—37 days longer than the average for Manhattan and the Bronx (161 days) and 32 days longer than for Brooklyn (166 days).⁶ This pattern continued during Tax Year 2024–25. Queens and Staten Island applicants had average processing times of 187 and 185 days, respectively—approximately 20 days longer than the average for applicants in the other three boroughs.

Similarly, property owners in Queens and Staten Island overall had to wait longer for a hearing with OATA. For Tax Year 2023–24, on average, it took property owners in Queens and Staten Island 202 and 212 days, respectively, to receive a hearing—compared to property owners in Manhattan, who waited an average of 157 days. As a result, 45% of Staten Island applicants and 42% of Queens applicants had hearings scheduled during the last quarter of the calendar year (October through December)—compared to just 18% of Manhattan, 25% in the Bronx, and 29% in Brooklyn—which ultimately had an impact on processing times. For applicants who had a hearing, the average processing time was 222 days for Queens and 228 days for Staten Island, compared to an average processing time of 177 days for Manhattan applicants.

This pattern continued again in Tax Year 2024–25, with property owners in Queens and Staten Island waiting an average of 205 and 212 days, respectively, to receive a hearing—compared to property owners in Manhattan waiting an average of 163 days. As a result, 40% of applicants in both Queens and Staten Island had hearings scheduled in the last quarter of the year, compared to 20% in Manhattan, 33% in the Bronx, and 34% in Brooklyn. Once again, average processing times were delayed, with processing times of 224 days in Queens and 230 days in Staten Island, compared to 185 days in Manhattan.

As previously stated, OATA prioritizes certain properties based on property value or other considerations.⁷ This prioritization results in property owners in certain boroughs waiting longer for hearings, and ultimately the final determination of their applications. By not ensuring equitable processing times for appeal applications and scheduling of hearings, property owners in certain boroughs may have to pay higher property taxes, albeit temporarily, based on the borough in which their properties are located.⁸

In its written response, OATA stated that it does not prioritize hearings based on property value or tax class, other than “high value” properties. However, based on the auditors’ review of hearing dates and application processing times, on average, Class 2 properties have a shorter processing time when compared to Class 1 and Class 4 properties. In addition, properties with lower assessed values have hearing dates later in the year and have overall longer processing times. The data also shows that the average assessed values decrease as the year goes on.

The auditors also found that OATA did not maintain formal workpapers to document the supervisory reviews conducted by supervising hearing officers who are responsible for ensuring that determinations are accurate and adequately supported. Because these reviews were not documented, the auditors could not verify whether the required supervisory checks took place.

⁶ The auditors calculated processing time as the time between the application appeal deadline and the date an applicant received a determination letter.

⁷ OATA also prioritizes scheduling for large residential properties (i.e., Class 2 properties) that have the same legal representatives.

⁸ If OATA offers a reduction to the property’s assessed value and property owners have already paid their property taxes based on the higher assessment, DOF will issue a credit or refund for the overpayment.

OATA stated that these reviews include (1) a mandated review when a reduction offer is greater than or equal to 40% of the tentative assessment value offered to the applicant; and (2) a review of randomly selected appeals with reduction offers less than 40% of the assessment value. However, OATA has no written policies or procedures outlining the criteria, scope, or documentation standards for these reviews.

In practice, supervising hearing officers may record notes (such as comments on revocation decisions) on informal paper slips (e.g., Post-it Notes) and place them in physical application folders. These notes are not uniformly created, maintained, or included in any official audit file or recordkeeping system. This inconsistent and informal practice does not allow an independent reviewer to ensure that a supervisory review was conducted or ensure that the review was fair and complete. This lack of documentation and formal procedures is inconsistent with the principles of Comptroller's Directive 1, which require agencies to establish, document, and maintain effective internal controls over their operations.

In its written response, OATA stated that supervisors' notes were historically maintained in paper files but are increasingly made digitally. However, during the audit, OATA did not mention digital notes for supervisory review, or provide any documentation or evidence to show that it maintains records of its reviews either physically or digitally.

Circumvention of the Administrative Appeals Process

According to the New York State Department of Taxation and Finance, there are two levels of formal review for property owner assessments. Property owners who disagree with their property assessment must first file for an administrative review, which, in the City, is done with OATA. If the property owner is not satisfied with OATA's decision, they may request judicial review through the New York State Supreme Court.

The audit identified a loophole in the appeals process that potentially undermines the nature and purpose of that process by circumventing OATA's decision-making processes. The auditors found that many Class 1 property owners filed an administrative appeal, meeting the technical requirements of the process, but later requested "no further review" of their appeals before a decision was rendered, to instead pursue a remedy in court. If applicants withdraw outright, the opportunity to file a SCAR is closed, but requesting "no further review," while effectively a withdrawal, allows them to pursue an appeal through SCAR. The data suggests that property owners are using this loophole to forum shop in an effort to increase the likelihood of obtaining a reduction.

In Tax Year 2023–24, 1,379 Class 1 property owners applied for administrative review with OATA. Subsequently, 786 applicants requested "no further review" on their applications with OATA, before OATA had issued a decision.⁹ At least 111 of these applicants later filed a SCAR. Ultimately, 109 (98.2%) of the applicants received an assessment reduction as a result of the SCAR. In the same tax year, only 56 (9.4%) of the 593 Class 1 applicants who completed the administrative review received a reduction offer from OATA.

This pattern increased significantly in Tax Year 2024–25. Out of 1,506 Class 1 applicants, at least 983 applicants requested "no further review" on their applications with OATA before OATA rendered a decision. At least 596 of these applicants later filed a SCAR. Ultimately, 585 (98.2%)

of the applicants received an assessment reduction as a result of the SCAR. In the same tax year, 59 (11.3%) of the 523 Class 1 applicants who completed the administrative review received a reduction offer from OATA.

Overall, of the 2,885 Class 1 applicants who submitted applications in Tax Years 2023–24 and 2024–25, 115 (10.3%) received a reduction offer from OATA. Based on data from the NYS Office of Court Administration, of the 768 applicants who requested a SCAR with the State, 717 (93.4%) received a reduction. This is an extraordinarily high rate of successful appeals of decisions by the State and offers starkly different results than those determined by OATA.

This may have happened because SCAR petitions only require that property owners *previously filed* an “Application for Correction of Tentative Assessed Value” (i.e., initiated the administrative review), not that they complete the process. It may also have happened because SCAR adjudicators lack expertise necessary to render decisions that are consistent with OATA methodology.

Recommendations

This audit recommends that OATA should:

1. Consider how its current method for scheduling hearings can be modified to ensure appeal processing times are not delayed based upon the applicant’s borough.

OATA’s Response: OATA agreed with this recommendation.

2. Ensure that supervisory reviews are documented, including the use of standardized audit workpapers or review templates. These documents should be stored securely in either a physical file or an electronic system to support internal oversight and future audit review.

OATA’s Response: OATA agreed with this recommendation.

3. Consult with DOF, the Office of Management and Budget, and other relevant parties to determine whether the property tax principles applied by SCAR hearing officers and OATA assessors are consistent, and whether actions should be taken to close the loophole allowing owners to request “no further review” of their appeals to OATA to pursue a remedy through SCAR.

OATA’s Response: OATA did not agree or disagree with this recommendation, stating that it has no control over the SCAR hearing process and that actions to change the SCAR process fall outside the scope of the Tax Commission’s Charter mandate.

Auditor’s Comment: This recommendation does not suggest that OATA take unilateral action to change SCAR procedures. Rather, it calls for interagency consultation to assess whether the property tax principles applied by SCAR and OATA are consistent and whether actions should be taken to close the loophole that allow property owners to circumvent the administrative review.

Recommendations Follow-up

Follow-up will be conducted periodically to determine the implementation status of each recommendation contained in this report. Agency reported status updates are included in the

Audit Recommendations Tracker available here: <https://comptroller.nyc.gov/services/for-the-public/audit/audit-recommendations-tracker/>

Scope and Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). GAGAS requires that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions within the context of our audit objective(s). This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The scope of the audit was Tax Years 2022–23, 2023–24, and 2024–25.¹⁰

To achieve the audit objectives, auditors reviewed the 2023 Annual Report of the Tax Commission and Tax Appeals Tribunal, the Rules of Practice and Procedure of the New York City Tax Appeals Tribunal, and Tasks and Standards of Assessors. To gain an understanding of the appeals and application review process, auditors interviewed the Director of Tax Appeals and held walk-through meetings with OATA's Chief Information Technology Technician and Senior Assessor regarding assignment of appeal cases.

To determine the number of applications, processing time, and the reduction offers in Tax Year 2023–24, auditors reviewed the "Applications and Determinations List for Tax Year 2024."¹¹ To analyze the distribution trends across various geographic areas and tax classes, auditors also obtained data for Tax Years 2022–23 and 2024–25. Properties were classified into four tax classes and then grouped by value.¹² The breakdowns are as follows:

- (1) High Value: \$250,000,000 or higher.
- (2) Medium High Value: \$55,000,000 to \$249,999,999.
- (3) Low High Value: \$15,000,000 to \$54,999,999.
- (4) Low Value: below \$15,000,000.

To determine whether processing times and success rates were affected by geography, tax class, or property value, auditors reviewed appeal applications for each tax year. Specifically, the auditors calculated the number of days that elapsed from the application deadline—March 1 for Tax Classes 2, 3, and 4, and March 15 for Tax Class 1—to the date of determination for each appeal to assess processing time, and analyzed reduction offers. These measures were then compared across boroughs, zip codes, tax classes, and median property values in each area.

To determine whether appeal applications represented by legal representatives on behalf of property owners experienced a quicker review process and a higher success rate, the auditors reviewed the applications for differences in processing time and the number of reduction offers, comparing them to applications submitted without legal representation.

¹⁰ "Tax year" corresponds to the City's fiscal year, which runs from July 1 to June 30.

¹¹ Properties with a blank or invalid ZIP code and no determination dates were excluded from the analysis.

¹² Tax Class 3 properties were excluded from the analysis due to the relatively low number of applications received compared to the other classes (0.18% of the total population). The assessments for these properties are handled by the Director of Tax Appeals.

To determine whether a systemic pattern exists in the appeal process that may favor certain types of applicants—such as those with legal representation or high-value properties—across multiple tax years, the auditors reviewed applicant records across Tax Years 2022–23, 2023–24, and 2024–25.

To further assess whether OATA prioritized high-value properties during the review process and whether low-value properties faced systemic disadvantage, the auditors obtained the assessment roll from NYC Open Data, identified and excluded all government-owned properties, calculated the median property values for the tax period, and determined the months in which hearings were scheduled.

The results of the tests provide a reasonable basis for the assessment of OATA's equitable handling of appeals of real property assessments.¹³

Preliminary results of the audit were discussed with the OATA officials on November 17, 2025. OATA agreed to waive the need for an Exit Conference Summary and an Exit Conference. On December 5, 2025, a Draft Audit Letter Report was submitted to OATA with a request for written comments. Our office received a written response from OATA on December 19, 2025. In its response, OATA agreed with two of the audit's recommendations and neither agreed nor disagreed with the remaining recommendation. The full response is attached to this report as an addendum.

Sincerely,



Maura Hayes-Chaffe

Encl.

c: Robert Firestone, Commissioner of the Tax Appeals Tribunal
Jean-Claude LeBec, Director, Mayor's Office of Risk Management and Compliance
Doug Giuliano, Deputy Director, Mayor's Office of Risk Management and Compliance

¹³ The conclusion is based on the auditors' review of OATA's procedures and analysis of appeal application processing timeframes. However, the audit team was unable to form any opinion on whether the determinations rendered by OATA hearing officers were appropriate because the auditors do not possess the requisite knowledge to reach such a conclusion.



THE CITY OF NEW YORK
OFFICE OF ADMINISTRATIVE TAX APPEALS

1 Centre Street, Room 2400, New York, NY 10007

December 19, 2025

BY EMAIL

Ms. Maura Hayes-Chaffe
Office of the Comptroller
One Centre Street
New York, NY 10007

Re: Draft Audit Letter Report on the Office of Administrative Tax Appeals' Equitable Handling of Appeals of Real Property Assessment (FN25-068A)

Dear Ms. Hayes-Chaffe:

This letter concerns the New York City (NYC) Comptroller's Draft Audit Letter Report (Report) dated November 5, 2025, discussing the audit of the Office of Administrative Tax Appeals' (OATA) handling of real property tax assessment appeals and OATA's equity and fairness in processing and reviewing appeal applications.

OATA¹ is the umbrella agency that oversees the NYC Tax Commission² and the NYC Tax Appeals Tribunal.³ The Tax Commission is NYC's independent forum for administrative review of NYC Real Property Tax (RPT) assessments set by the Department of Finance (DOF). The Tax Commission receives over 57,000 appeals annually challenging the assessments set by DOF. The Tax Appeals Tribunal is the forum in which disputes between taxpayers and DOF involving taxes administered by NYC other than the RPT are resolved. The Tax Appeals Tribunal is comprised of the Administrative Law Judge Division and the Appeals Division.

The audit found that OATA treats all applications "fairly and equitably once appeal hearings are scheduled." The Report makes various other findings and recommendations which are addressed below.

First, the Report sets forth the finding that "OATA prioritizes certain properties based on property value and tax class. This prioritization results in property owners in certain boroughs waiting longer for hearings, and ultimately the final determination of their applications."

OATA's response: The only properties that are prioritized for hearings based on property value and class are "high value"⁴ properties. In 2023 and 2024, there were 332 and 364 high value properties,

¹ See, NYC Charter §150.

² See, NYC Charter §153.

³ See, NYC Charter §168.

⁴ In 2023 and 2024, these were properties with a tentative assessment of \$250 million or more.

respectively.⁵ These properties were heard before DOF's publication of the final assessment roll in both years.⁶

Other than high value properties, calendaring of the other tens of thousands of properties for hearings is not prioritized based on property value or tax class. Matters are assigned to hearing officers based on property values (AV)⁷ and are calendared to be heard throughout the hearing season.⁸ The various assessor levels/tiers employed by the Tax Commission are listed below:

- Tier 2 assessors review class 4 (\$15,000,000 AV or lower) properties, class 2 (\$15,000,000 AV or lower) properties and class 1 properties.
- Tier 3A assessors review class 2 and class 4 (\$15,000,000 AV to \$55,000,000 AV) properties, condo class 1, 2, and 4 (aggregate value per application less than \$55,000,000 AV) properties and all properties Tier 2 assessors can review.
- Tier 3B assessors review class 2 and class 4 (\$55,000,000 AV - \$250,000,000 AV) properties. Tier 3B acts as the second chair for high value hearings and can review all cases Tier 3A and Tier 2 assessors can review.
- Tier 4 supervisor assessors review high value properties (\$250,000,000+ AV), and all properties Tier 3B, 3A, and Tier 2 assessors can review.
- Administrative Assessors can review all properties that Tier 4, 3B, 3A and Tier 2 assessors can review.

The current calendaring process has changed little for years, if not decades.

Regarding the finding discussed above, the Report includes the following recommendation:

OTA should "consider how its current method for scheduling hearings can be modified to ensure appeal processing times are not delayed based upon the applicant's borough".

OTA's response: OTA is certainly willing to consider ways to improve the calendaring process generally with a focus on equity and fairness.

Second, the Report finds that "OTA did not maintain formal workpapers to document the supervisory review conducted by its supervising hearing officers..." and that OTA has "no written policies or procedures outlining the criteria, scope, or documentation standards for these reviews".

⁵ This accounts for less than 1% of all properties heard in either year.

⁶ OTA acknowledges that high value properties were prioritized to be heard and determined prior to the publication of the final assessment roll, after which the tax rates are set for the upcoming tax year. Historically, this has been done to mitigate the risk that a significant reduction in assessments levied on these properties after the tax rates are set would impact NYC's ability to raise the necessary property tax revenue and necessitate a mid-year increase in the applicable class tax rate. Respectfully, therefore, the hearing and determination of these properties prior to the issuance of the tax rates benefits *all* property owners in the respective tax classes.

⁷ The range of assessments within each tier is what primarily determines what properties an assessor can review. The range of assessments generally stays constant but is subject to adjustment in any given year.

⁸ Most applications/properties are calendared with the help of a computer algorithm that takes factors such as hearing officers' schedules into account.

The Report recommends that OATA “ensure that supervisory reviews are documented, including the use of standardized audit workpapers or review templates. These documents should be stored securely in either a physical file or an electronic system to support internal oversight and future audit review”.

OATA’s response: The Tax Commission’s audit of its files serves as a tool to ensure that the determinations of value by hearing officers are reasonable and that ill-advised offers are withdrawn or revoked.⁹ In practice, the procedures relating to the internal auditing of matters have largely remained unchanged for years, if not decades. Each year, OATA maintains a list of properties that were subject to audit and a supervisor’s review may be summarized by the same codes or notes that the hearing officer used in his/her review. Historically, notes relating to the audit of a matter were memorialized only in paper files. As the Tax Commission transitions to digital files, however, supervisors’ notes are increasingly made digitally.¹⁰ OATA will endeavor to create written standardized procedures for the audit of its files, as well as devote designated space in its digital files to record audit notes and findings.

Finally, the Report includes a section titled “Circumvention of the Administrative Appeals Process”. The Report identifies that some Class One homeowners waive administrative review before the Tax Commission and seek relief by way of a SCAR proceeding. The Report finds that homeowners who proceed via a SCAR proceeding have more successful outcomes than those who do not.

The Report recommends that OATA “consult with DOF, the Office of Management and Budget, and other relevant parties to determine whether the property tax principles applied by SCAR hearing officers and OATA assessors are consistent, and whether actions should be taken to close the loophole allowing owners to request ‘no further review’ of their appeals to OATA in order to pursue a remedy through SCAR”.

OATA’s response: The Tax Commission follows current law in its review of RPT assessments. The review of RPT assessments is governed by Title 1 and 1A of Article 7 of the Real Property Tax Law. The filing of a valid application for correction with the Tax Commission is a legal prerequisite to the commencement of a judicial proceeding in New York State. Thereafter, property owners may seek judicial review.

The Tax Commission has no control over the SCAR hearing process, including the selection of SCAR hearing officers and/or scope of review by SCAR hearing officers. Respectfully, actions to change the SCAR process fall outside the scope of the Tax Commission’s Charter mandate.

⁹ Title 21: Tax Commission, RCNY § 4-12(k) Offer and Acceptance states: “Offers are subject to review and approval and revocation by the Tax Commission.

(1) The Tax Commission may withdraw an offer at any time and for any reason prior to the Tax Commission’s approval of the offer, whether or not such offer has been accepted. Upon withdrawal of an offer, the Department of Finance shall reinstate the original assessment.

(2) An offer may be revoked within six years after its approval by the Tax Commission on grounds of illegality, irregularity, fraud or misrepresentation in the application or in oral or written submissions in support of the application, or because the applicant or any person acting for the applicant is convicted of, or enters a plea of guilty to, a crime related to the assessment of the property. Upon revocation of an offer, the Department of Finance shall reinstate the original assessment and may impose additional taxes with interest. The applicant shall forthwith return any refund paid as a result of the offer”.

¹⁰ The Report makes no mention of any review of the digital files by the auditors.

On behalf of OATA, I thank the team of Comptroller auditors for their efforts in connection with their audit and findings.

A handwritten signature in blue ink, appearing to read 'NS', with a long horizontal stroke extending to the right.

Neil Schaier
Director
Office of Administrative Tax Appeals