

# Zohran Mamdani threatens to increase property tax on New York City workers

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On Tuesday, New York City Mayor Zohran Mamdani, a member of the Democratic Socialists of America (DSA), threatened to raise property taxes by 9.5 percent to close a \$5.5 billion budget gap. His proposed \$127 billion budget for Fiscal Year 2027 would take effect in July. He also proposed tapping part of the city's \$980 million "rainy day" fund—reserves set aside for fiscal emergencies—to help cover the shortfall.

Speaking at a press conference at City Hall, Mamdani said that if the state legislature did not raise income taxes by 2 percent on millionaires and by 4 percent on corporations, he would be "forced" to impose the property tax increase. "If we cannot follow this first path," he said, referring to a tax on the rich, "we will be forced onto a much more damaging path of last resort—one where we have to use the only tools at the city's disposal: raising property taxes and raiding our reserves. ... The second path is painful." He added, "We will continue to work with Albany to avoid it."

A 9.5 percent increase in property taxes would affect some 3 million residential units, including single-family homes, co-ops and condos. Mamdani noted that the median annual income of those affected is roughly \$122,000. Many are owner-occupied homes in Staten Island, Brooklyn and Queens, which has the city's highest homeownership rate, at 45 percent. Large private developments dominated by working-class residents, such as Co-op City and Parkchester in the Bronx, would see higher taxes passed on as sharp increases in maintenance fees.

The tax would also drive up rents in apartment buildings that are not rent regulated. It would hit more than 100,000 small businesses, many of them under "triple-net" leases that require tenants to pay a share of the building's property taxes. A 9.5 percent jump could

become a breaking point for neighborhood retail shops already squeezed by inflation.

The increase would amount to an attack on millions of workers and middle-class residents struggling with the soaring cost of living, even if they are not among the very poorest layers—such as the homeless and those living in decaying, substandard New York City Housing Authority (NYCHA) apartments.

A tax hike of this kind is a slap in the face to Mamdani's much-vaunted promises of "affordability."

Democratic Governor Kathy Hochul has already said she will not implement such taxes, and most New York state legislators—overwhelmingly Democrats—who, along with the governor, determine state income tax policy, have indicated they will not back a "rich tax."

Mamdani, who has forged an alliance with the right-wing Hochul—endorsing her for reelection earlier this month—is certainly aware of these facts. Hochul, no doubt seeking to deflect anger over her role in starving the city of funds, announced roughly \$1.5 billion for the city's budget over the next two years on Monday—still leaving Mamdani short by at least \$5 billion.

Mamdani's posturing about "pressuring Albany" is cynical in the extreme. He is not confronting Hochul but working in close partnership with her, including in the attempt to shut down the New York nurses' strike. Behind the scenes, Mamdani already signaled his willingness to accommodate the governor and Wall Street by shelving any real tax increases on the wealthy. His public threats—"tax the rich" or else raise property taxes—serve less as a plan than as political cover: an attempt to present austerity and regressive tax increases as unavoidable while maintaining the fiction that he fought for a different outcome.

The New York City DSA, of which Mamdani is a

member, playing its part in this charade, has verbally criticized Hochul for allowing scab nurses into the state to help break the six-week New York City nurses strike. It has announced a rally in Albany next week to pressure Hochul and the legislature to enact taxes on the very rich.

Mamdani has said he will not attend because, according to the *New York Times*, “he wants to maintain a strong relationship” with Hochul.

Leading Democratic politicians have already come out against the property tax increase. In a statement, Queens Borough President Donovan Richards, who endorsed Mamdani, said: “To enact such a significant property tax increase across the board would only worsen our wealth inequality and overall affordability crises, while threatening to return us to the days of the 2008 financial catastrophe, when Southeast Queens [was] the national epicenter of property foreclosures.”

The City Council’s speaker, Julie Menin, also opposed the increase, stating, “The Council believes there are additional areas of savings and revenue that deserve careful scrutiny.”

Menin recently suggested—before Mamdani’s announcement—that savings could come from other measures, including reducing the city’s \$11 billion annual healthcare spending. She has said the city could save more than \$2 billion a year on employee health plans. This has long been an objective of Democratic politicians and the trade union bureaucrats in the Municipal Labor Committee (MLC), notably through efforts to push city worker retirees into cut-rate Medicare Advantage plans.

The Democrats—and no doubt Mamdani and the DSA—understand that a 9.5 percent property tax hike would provoke enormous opposition. The last time the city raised property taxes was in 2002, when billionaire Mayor Michael Bloomberg increased them by 18 percent to balance the budget. That hike sparked outrage and imposed a significant burden on working-class families.

But the last quarter-century has seen a vast deterioration in New Yorkers’ living standards, and Mamdani’s proposal would strike a population far more financially fragile than in 2002. In 2000, median renters devoted about 33 percent of their income to rent. Today, about half of New York City households lack enough income to meet basic needs without

assistance. Rents have grown seven times faster than wages in recent years. Since 2000, basic living costs in the city have risen by 131 percent, while median earnings have increased by only 71 percent.

The mainstream media has largely echoed Mamdani’s “two paths” framing: a citywide property tax increase versus a statewide tax on millionaires and corporations. But since taxing the rich is off the table for the Democratic Party, Mamdani’s real choice is between raising property taxes and cutting city spending—i.e., austerity.

Mamdani has already taken steps in this direction. He has ordered each city department to appoint a chief savings officer and is now attempting to hold back the expansion of a critical housing voucher program for the homeless and for workers facing eviction. Even under the current budget, some school programs will be cut.

Significantly, none of the current 2027 budget calculations accounts for further cuts by the Trump administration to aid for New York City and state, including a proposed 44 percent cut to the Department of Housing and Urban Development, which provides NYCHA with 68 to 70 percent of its operating budget.

Much deeper cuts will be demanded. Either course will further degrade living standards in the most socially unequal city in the United States, amid the Trump administration’s escalating attack on immigrant workers—of whom there are millions in New York City—its assault on democratic rights, and the expanding drive to war in the Middle East and Latin America.



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