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THE COUNCIL
REPORT OF THE FINANCE DIVISION
LATONIA MCKINNEY, DIRECTOR

COMMITTEE ON FINANCE
HON. DANIEL DROMM, CHAIR

June 30, 2021

PRECONSIDERED RES.:

By Council Member Dromm

TITLE:

Resolution to adopt an interest rate of three percent for a portion of Fiscal Year 2022 for the non-payment of taxes on real property with an assessed value of more than \$250,000 and no greater than \$450,000 and an interest rate of six and one-half percent for a portion of Fiscal Year 2022 for the non-payment of taxes on real property with an assessed value of more than \$450,000 for property owners adversely affected by COVID-19, as authorized by the local law for the year 2021 as proposed in introduction number 2331-A

Section 11-224.1 of the Administrative Code of the City of New York requires the New York City Banking Commission (the “Banking Commission”) to send a written recommendation to the City Council of proposed interest rates to be charged for non-payment of taxes on real property no later than the 13th day of May each year.

The Banking Commission forwarded, by letter dated May 13, 2021, a recommendation that the Council establish an interest rate of 12 percent per annum for real property with an assessed value of more than \$250,000 and no greater than \$450,000, or more than \$250,000 and no greater than \$450,000 per residential unit for cooperative apartments,¹ and 18 percent per annum for real property with an assessed value of over \$450,000, or over \$450,000 per residential unit for cooperative apartments.² The Banking Commission additionally recommended that the Administration and City Council repeat the late payment interest rate relief enacted for the first quarter of Fiscal Year 2021 and consider local legislation to reduce the late payment interest rate to seven and one-half percent (7.5%) per annum for properties with an assessed value of more than \$250,000 in the first quarter of Fiscal Year 2022 for owners who demonstrate hardship caused by the COVID-19 pandemic.

Proposed Int. 2331-A, sponsored by the Council Member Chin, would authorize the Council to adopt by resolution an interest rate between three percent and seven and one-half percent for qualifying properties with an assessed value of more than \$250,000 and no greater than \$450,000 and between six percent and seven and one-half percent for qualifying properties with an assessed value of more than \$450,000 for the nonpayment of taxes due on July 1, 2021 and paid no later than December 31, 2021 for fiscal year 2022 for real property.

¹ To be deemed more than \$250,000 and no greater than \$450,000, the cooperative apartment must be located in a building where the average assessed value of units is more than \$250,000 and no greater than \$450,000.

² To be deemed over \$450,000, the cooperative apartment would have to be located in a building where the average assessed valuation of units is over \$450,000.

Qualifying properties would include real property classified as class 2 or class 4 pursuant to section 1802 of the real property tax law with an assessed value of more than \$250,000 and less than \$1,000,000, where no later than November 30, 2021, the owner of such property submits documentation to the commissioner of finance demonstrating that the income of the owner from such real property declined, for any six month period between March 7, 2020 and June 30, 2021, by at least 50 percent as compared to the corresponding period in the previous 12 month period due to COVID-19. Qualifying properties would also include properties with an assessed value over \$250,000 where at least 50 percent of the property is used for residential rental dwellings, and which contains no more than 50 rental dwelling units of which at least 50 percent are rent regulated accommodations, where no later than November 30, 2021, the owner of such property submits documentation to the commissioner of finance demonstrating that the income of the owner from such real property declined, for any six month period between March 7, 2020 and June 30, 2021, by at least 25 percent as compared to the corresponding period in the previous 12 month period due to COVID-19;

Proposed Int. 2331-A would be retroactive to and deemed to have been in effect as of June 1, 2021, and would authorize the Council to take such measures as are necessary for its implementation on or before such date, including the adoption of the resolution expressly authorized by the legislation.

This Preconsidered Resolution would set a three percent interest rate for a portion of Fiscal Year 2021 for the non-payment of taxes on real properties with an assessed value of more than \$250,000 and no greater than \$450,000, and a six and one-half percent interest rate for a portion of Fiscal Year 2021 for the non-payment of taxes on real properties with an assessed value of more than \$450,000 for property owners adversely affected by COVID-19, as authorized by the local

law for the year 2021 as proposed in introduction number 2331-A. The Preconsidered Resolution would take effect on the same date as the local law for the year 2021 as proposed in introduction number 2331-A would take effect.

Preconsidered Res. No.

Resolution to adopt an interest rate of three percent for a portion of Fiscal Year 2022 for the non-payment of taxes on real property with an assessed value of more than \$250,000 and no greater than \$450,000 and an interest rate of six and one-half percent for a portion of Fiscal Year 2022 for the non-payment of taxes on real property with an assessed value of more than \$450,000 for property owners adversely affected by COVID-19, as authorized by the local law for the year 2021 as proposed in introduction number 2331-A

By Council Member Dromm

Whereas, Pursuant to the local law for the year 2021 as proposed in introduction number 2331-A, the Council of the City of New York is authorized to adopt by resolution an interest rate between three percent and seven and one-half percent for qualifying properties with an assessed value of more than \$250,000 and no greater than \$450,000 and between six percent and seven and one-half percent for qualifying properties with an assessed value of more than \$450,000 for the nonpayment of taxes due on July 1, 2021 and paid no later than December 31, 2021 for fiscal year 2022 for real property; and

Whereas, Pursuant to the legislation, qualifying properties include real property classified as class 2 or class 4 pursuant to section 1802 of the real property tax law with an assessed value of more than \$250,000 and less than \$1,000,000, where no later than November 30, 2021, the owner of such property submits documentation to the commissioner of finance demonstrating that the income of the owner from such real property declined, for any six month period between March 7, 2020 and June 30, 2021, by at least 50 percent as compared to the corresponding period in the previous 12 month period due to COVID-19; and

Whereas, Pursuant to the legislation, qualifying properties also include properties with an assessed value over \$250,000 where at least 50 percent of the property is used for residential rental dwellings, and which contains no more than 50 rental dwelling units of which at least 50 percent are rent regulated accommodations, where no later than November 30, 2021, the owner of such

property submits documentation to the commissioner of finance demonstrating that the income of the owner from such real property declined, for any six month period between March 7, 2020 and June 30, 2021, by at least 25 percent as compared to the corresponding period in the previous 12 month period due to COVID-19; now, therefore, be it

Resolved, That an interest rate of three percent is hereby adopted for a portion of Fiscal Year 2021 for the non-payment of taxes on real properties with an assessed value of more than \$250,000 and no greater than \$450,000 and an interest rate of six and one-half percent is hereby adopted for a portion of Fiscal Year 2021 for the non-payment of taxes on qualifying real properties with an assessed value of more than \$450,000 for property owners adversely affected by COVID-19 as authorized by the local law for the year 2021 as proposed in introduction number 2331-A; and be it further

Resolved, That this resolution shall take effect on the same date as the local law for the year 2021 as proposed in introduction number 2331-A takes effect.

NB
LS #17,839
06/28/2021