

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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January 24, 2019
Start: 10:27 a.m.
Recess: 10:47 a.m.

HELD AT: <INSERT MEETING LOCATION>

B E F O R E: COMMITTEE ROOM - CITY HALL

COUNCIL MEMBERS: DANIEL DROMM
Chairperson

Adrienne E. Adams
Andrew Cohen
Robert E. Cornegy, Jr.
Laurie A. Cumbo
Vanessa L. Gibson
Barry S. Grodenchik
Rory I. Lancman
Steven Matteo
Francisco P. Moya
Keith Powers
Helen K. Rosenthal
James G Van Bramer

A P P E A R A N C E S (CONTINUED)

2 [sound check] [pause] [gavel]

3 CHAIRPERSON DROMM: Okay, Good morning
4 and welcome to today's Finance Committee meeting. My
5 name is Council Member Daniel Dromm, and I'm the
6 Chair of the Committee. I'd like to introduce my
7 colleagues. We're joined by Council Member Adrienne
8 Adams, Council Member Helen Rosenthal, Council Member
9 Keith Powers, Council Member Steve Matteo, Council
10 Member Andy Cohen, and Council Member Barry
11 Grodenchik. Thank you all for being here. Today the
12 committee will be voting on five items. Proposed
13 Intro 1143-A, Proposed Intro 1038-A, a transparency
14 resolution and Article XI property tax exemptions.
15 Let's start with introductions. First, we have
16 Proposed Intro 1143-A, which I have sponsored. The
17 bill will establish three new types of income based
18 installment agreements available to low-income home-
19 homeowners earning up to \$58,399 a year where a
20 property is their primary residence. Currently, when
21 a property owner owes property tax-property tax
22 arrears, they can enter into an installment agreement
23 with the DOF in order to pay back the amount owed
24 over time. If you are in an installment agreement,
25 then your property won't be included in the lien

2 sale. The agreements can be entered into for a
3 period up to 10 years with as little as zero dollars
4 in down payment, but the amount of each installment
5 is calculated without regard to income or ability to
6 pay. As a result, many property owners cannot
7 actually afford the payments and end up defaulting,
8 which bars them from entering into another payment
9 plan for at least five years. According to the
10 Department of Finance, the default rate in Fiscal
11 2018 was 46.5% meaning that nearly half of the people
12 in installment agreements could not afford to keep up
13 with them. In order to help those homeowners who
14 working with the city resolve their debt, keep up
15 with their taxes and avoid the lien sale in an
16 affordable way, the bill will create three new plans.
17 First, and most significantly is the senior plan that
18 will allow seniors to defer seniors to defer paying
19 some or all of their property tax payments until
20 their property is sold or otherwise transferred.
21 Then the city would be reimbursed for the amount of
22 taxes it is owed from the proceeds of the sale. This
23 is the first time in the city's history that it has
24 offered a property tax deferral program, and I'm
25 really proud to be a part of this effort. The other

2 two plans would be available to other low-income
3 homeowner-homeowners with the key feature being that
4 the amount of the payments would be calculated based
5 on a percentage of the homeowner's income. In that
6 way, we will be setting these homeowners up for
7 success rather than likely failure. The new
8 installment agreements will be rolled out by the
9 Department of Finance this spring in time for next
10 lien sale, and the bill requires DOF to do outreach
11 to maximize public awareness of the plans. Getting
12 to this point has been a multi-year effort with the
13 Council first proposing the idea for income-based
14 payment plans as part of the joint Council
15 Administration Lien Sale Task Force. Thanks to the
16 advocacy of the Council Members who served on that
17 task force, Council Members Cornegy, Rose and
18 Richards and former Council Member and Finance Chair
19 Ferrisis--Copeland. Excuse me Ferreras-Copeland.
20 The task force recommend that programs be implemented
21 to modify the existing payment plans to make them
22 more flexible and affordable. Proposed--Proposed
23 Intro 1143-A embodies that guiding principle and
24 creates three plans that will certainly provide
25 significant relief to struggling seniors and other

2 low-income homeowner-homeowners as they try to juggle
3 their bills, pay their property taxes and afford to
4 stay in their homes. A huge thank you to Finance
5 Commissioner Jacques Jiha and the entire DOF team for
6 their willingness to work with the Council to craft
7 the specifics of these payment plans and for fighting
8 to make them as inclusive and generous as possible.
9 Thank you also to the Administration as a whole for
10 its commitment to continuing working with the Council
11 to address other hurdles facing struggling low-income
12 homeowners including the interest burden that grows
13 even as homeowners are willing to pay down their
14 debt. And last, thank you to the Council Finance
15 Division staff who worked on this bill, Senior
16 Counsel Rebecca Chasen; Assistant Director Emre Edev;
17 Senior Economist Davis Winslow; Assistant Counsel
18 Stephanie Ruiz; and Finance Analyst Nassas (sp?)
19 Sarkissian. Next, we have Proposed 1038-A, sponsored
20 by Council Member Grodenchik. This bill would
21 increase the threshold for when an income producing
22 property is required to provide a statement of income
23 and expense certified by a certified public
24 accountant in order to receive an assessment
25 reduction by the Tax Commission. Currently, income

2 producing properties with an assessed value of \$1
3 million or more, are required to submit such
4 certification. This—this threshold was first set by
5 Local Law 1973, and has not been adjusted since then.
6 In order to update this amount to reflect today's
7 values, this bill would increase the threshold to
8 properties with an assessed value of \$5 million or
9 more indexed every five years to the overall
10 assessments in Class 2 and Class 4. So, and with
11 that, I want to give an opportunity to Council Member
12 Grodenchik to speak to the legislation.

13 COUNCIL MEMBER GRODENCHIK: Thank you,
14 Chair Dromm and thank you for your help in moving
15 this bill along. This bill really is—is just common
16 sense legislation that will allow small businesses in
17 the city of New York not to have to pay an onerous
18 amount to certified public accountants. I am told by
19 my counsel who was SEC trained and by others that at
20 a minimum the certified financials cost \$10,000 a
21 year. We are freeing an estimated 1,800 businesses
22 from this. So, if you do the math quickly, that's
23 that \$18 million. It's probably more in the \$20 to
24 \$25 million range that we will be saving small
25 businesses in the city of New York, and I'm of the

2 opinion that every 46 years or so these laws need to
3 be updated. So, the other important thing that
4 we'll—we are doing is so that future Councils don't
5 have to do with this, is that we are finally putting
6 in a cost of living increase and indexing just as the
7 federal government does, as the IRS does, Social
8 Security. There will now be an index, which will be
9 reviewed every five years, and we will make those
10 adjustments—future city governments will make those
11 adjustments. So, on behalf of—of the 1,800
12 businesses that will now be able to pay for such
13 things as healthcare, and maybe a little vacation
14 time for their employees or whatever benefits that
15 may accrue to them, I'm delighted that we're passing
16 this legislation, and I urge all my colleagues to
17 vote yes. Thank you, Mr. Chairman.

18 CHAIRPERSON DROMM: Thank you. Next is
19 the Transparency Resolution, which sets for the new
20 designations and changes in the designation of
21 certain organizations receiving local and youth
22 discretionary funding and funding pursuant to certain
23 initiatives in the budget. Organizations appearing
24 in the resolution have not yet completed—that have
25 not yet completed the free-free qualification process

2 conducted by Mayor's Office of Contract Services, the
3 Council or another entity are identified in the tax
4 charts with an asterisk. As with all transparency
5 resolutions, Council Members will have to sign a
6 disclosure form indicating whether or not a conflict
7 exists with any of the groups on the attached list.
8 If any Council Member has a potential conflict of
9 interest with any of the organizations listed, he or
10 she has the opportunity to disclose the conflict at
11 the time of their vote. As a reminder, please
12 disclose any conflicts you may have with the proposed
13 subcontractors used by organizations sponsored by
14 discretionary funding. These disclosures must be
15 made before the subcontractor can be approved.
16 Benjamin Smith from the General Counsel's Office is
17 here, and can assist you with any questions or
18 concerns regarding the disclosures. Lastly, we have
19 two Article XI property tax exemptions, both of which
20 are in Council Member Ydanis'-Ydanis Rodriguez's
21 district in Manhattan. The first is Fort George HDFC,
22 which would require a partial 40-year exemption to
23 preserve 45 units of affordable rental housing. The
24 second is 9-21 Sherman Avenue, which would receive a
25 full 40-year exemption to preserve 92 units of

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2 affordable rental housing. Council Member Rodriguez
3 is supportive of these actions. Those are all of
4 today's items. Are there any questions? Okay, with
5 that, I'm going to ask the Clerk to Billy--was it
6 Billy Martin?

7 COUNCIL MEMBER GRODENCHIK: [off mic] He
8 stepped out.

9 CHAIRPERSON DROMM: Oh, okay, okay,
10 alright, so we'll hold--

11 COUNCIL MEMBER GRODENCHIK: [interposing]
12 [off mic] I'll wait.

13 CHAIRPERSON DROMM: --until we get our
14 clerk. That gives me time to sign. [pause]
15 [background comments]

16 COUNCIL MEMBER GRODENCHIK: Yes, sir.

17 CHAIRPERSON DROMM: We're ready to go and
18 our clerk Billy Martin is here, and I'm going to ask
19 him to call the roll.

20 CLERK: William Martin, Committee Clerk.
21 Roll call vote Committee on Finance. All items are
22 coupled. Chair Dromm.

23 CHAIRPERSON DROMM: I vote aye.

24 CLERK: Cohen.

25 COUNCIL MEMBER COHEN: Aye.

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2 CLERK: Cumbo.

3 COUNCIL MEMBER CUMBO: Aye.

4 CLERK: Rosenthal.

5 COUNCIL MEMBER ROSENTHAL: With
6 congratulations to Grodenchik and to the Chair for
7 all your hard work, I vote aye on all.

8 CLERK: Grodenchik.

9 COUNCIL MEMBER GRODENCHIK: Thank you for
10 those congratulations, and I vote aye on all.

11 CLERK: Powers.

12 COUNCIL MEMBER POWERS: Aye.

13 CLERK: Matteo.

14 COUNCIL MEMBER MATTEO: [off mic] yes.

15 CLERK: Moya.

16 COUNCIL MEMBER MOYA: Aye.

17 CLERK: By a vote of 8 in the affirmative,
18 0 in the negative and no abstentions, all items have
19 been adopted.

20 CLERK: Council Member Adams, excuse me.

21 COUNCIL MEMBER ADAMS: You are excused.
22 Congratulations to my colleague Council Member
23 Grodenchik and Mr. Chair for all the hard work that
24 you've done on this bill. We're very proud of you
25 and proud of the passage. I vote aye.

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2 CLERK: The vote is—al items on today's
3 agenda have been adopted by a vote of 9 in the
4 affirmative, 0 in the negative and no abstentions.

5 CHAIRPERSON DROMM: Okay, I'm going to
6 ask that we can hold the vote open for another ten
7 minutes or so. Thank you. [pause]

8 CLERK: Continuation roll call, the
9 Committee on Finance. Council Member Cornegy.

10 COUNCIL MEMBER CORNEGY: I vote aye.

11 CLERK: Council Member Gibson.

12 COUNCIL MEMBER GIBSON: I vote aye

13 CHAIRPERSON DROMM: Okay thank you very—
14 Oh. [background comments] Yep.

15 CLERK: The final vote Committee on
16 Finance all items have been adopted by a vote of 11
17 in the affirmative, 0 in the negative and no
18 abstentions.

19 CHAIRPERSON DROMM: Okay and with that,
20 this meeting is adjourned at 11:00—excuse me, at
21 10:47. [gavel]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date January 31, 2019