



Department of Finance

City Council Committee on Finance

Intro 1722: Information on Registration of Rent-Stabilized Units
and Housing Affordability on Real Property Tax Bills

Intro 1750: Provide New Homeowners Information about Real
Property Taxes and Exemptions

Pre-considered Intro: Eligible Funds Exemption for Veterans

Testimony of Michael Hyman
First Deputy Commissioner
New York City Department of Finance

November 15, 2017

Good morning Chair Ferreras-Copeland and members of the Committee on Finance. I am Michael Hyman, First Deputy Commissioner at the NYC Department of Finance (DOF). I am joined by Sheelah Feinberg, Director of Intergovernmental Affairs at DOF. The Department of Finance is pleased to testify in support of the three bills before the committee. Two of the bills will increase transparency and customer service for many property owners; the other will provide an enhanced tax benefit to certain veterans.

Intro 1722

DOF is pleased to support legislation that requires DOF to include information regarding the registration of rent-stabilized units with the New York State Division of Housing and Community Renewal on Class 2 property tax bills due on January 1. There are currently 276,736 Class 2 properties in New York City that receive property tax bills. In addition, DOF will be required to include information regarding financing programs that are administered by the NYC Department of Housing Preservation and Development to help facilitate affordability. DOF supports efforts to promote affordable housing in New York City, as facilitated by this bill. This bill can also benefit the City's Rent Freeze programs, which are available to eligible individuals living in rent-stabilized apartments.

Intro 1750

DOF supports this bill and currently provides Property Tax Guides for Class 1 and 2 properties, which we make available by mail and which are posted on the DOF website. As part of our ongoing efforts to improve DOF customer service, we are working on a "welcome" information package to new homeowners to verify their contact information and to provide information about the property tax system. Current and future property tax guides will include information about tax rates, assessments, and property exemptions.

DOF records each deed and deed transfer and has information on property transfers in the City, except for Staten Island. DOF does not have oversight of the Richmond County Clerk, but we will work to obtain information from that office.

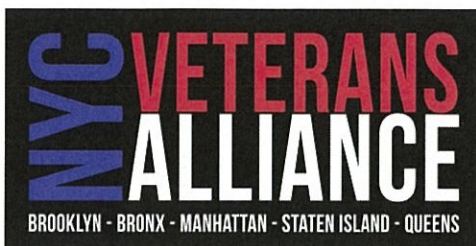
DOF will send through regular mail and if we have an owner email address on file provide an electronic copy of a property tax guide to new property owners of Class 1 or Class 2 properties specified in the bill.

Pre-considered Intro

Earlier this year, DOF extended the Alternative Veterans exemption to 53,000 property owners. Recently passed state legislation now extends the exemption of school taxes to Eligible Funds Veterans. Based on FY'18 recipients, DOF estimates this will have a positive impact for 3,300 veterans. These veterans will see an additional estimated benefit of \$502 in addition to their current \$360 benefit, bringing the total property tax savings to an estimated \$862 annually. DOF anticipates this bill will be effective in January and eligible veterans will receive the benefit for the second half of FY '18. Property owners who qualify will see the increase in their property exemption reflected on their April 2018 property tax bill.

While worthwhile initiatives, we would like to mention that Intro's 1722 and 1750 will create cost related to postage, materials and dedicated resources to help facilitate the seamless implementation of the initiatives. DOF will raise these costs as a future agency budget consideration.

Thank you for your time. I am now happy to take any questions.



NYC Veterans Alliance

www.nycveteransalliance.org

www.ourveterans.nyc

Testimony by

Kristen L. Rouse
Founding Director
NYC Veterans Alliance

Re: Intro. 6880 – Eligible Funds Exemption for Veterans

Committee on Finance
Julissa Ferreras-Copeland, Chair

November 15, 2017

My name is Kristen Rouse. I served for more than 20 years of combined service in the United States Army, Army Reserve, and the New York National Guard, which included three tours of duty in Afghanistan. I am here today to testify on behalf of the NYC Veterans Alliance, a member-supported, grassroots policy advocacy and empowerment organization serving veterans, servicemembers, and their families across the New York City metropolitan area.

Housing stability, to include affordable housing and home ownership, is a top priority of our membership. Among our membership are veterans who have recently returned to New York from Afghanistan, the Middle East, or other missions across the globe to find a city of rising rents and a market in which a key benefit of their military service—the VA Home Loan—is virtually unusable. Among our members we also have Vietnam veterans who served this country and city decades ago and spent their lives contributing as citizens, leaders, and advocates, and paying their share of taxes—only to find that school taxes, which for decades were never included in their property tax exemption—and have gone up by more than 60% over the last fifteen years. Our older veterans have felt squeezed out from the city they've called home. Our younger veterans find the dream of using their VA Home Loan merely a distant aspiration in this increasingly difficult market. NYC simply can and must do better by our veterans and their families.

For these reasons, the NYC Veterans Alliance was a key advocacy voice towards passage earlier this year of Intro. 1304, which extended the Alternative Tax Exemption for veterans to at last include exemption from NYC school taxes. We are grateful for the leadership of Council Member Steve Matteo and this committee in passing the first tax relief for veterans in many years. We also strongly support this new Introduction 6880, which would expand another key tax exemption for veteran homeowners, the Eligible Funds Exemption, to include exemption from school taxes. Although not as widely used by veteran homeowners as the Alternative Tax Exemption, Intro. 6880 would provide needed tax relief to more than 3,000 veteran households in NYC. These veteran homeowners matter, and we urge this committee to take immediate action to pass this bill.

We further urge this committee to consider similar extension of benefits to the Cold War exemption, which eligible veteran homeowners can currently claim directly with the NY State Department of Finance, but not the city. The Cold War exemption should be fully available to

NYC veteran homeowners as it is across New York State, and it should likewise include exemption from school tax.

On behalf of the NYC Veterans Alliance, I thank you for the opportunity to testify today. Pending your questions, this concludes my testimony.



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Testimony by The Legal Aid Society

Before The New York City Committee on Finance

Int. No. 1750: A Local Law to amend the Administrative Code of the City of New York, in relation to requiring the Department of Finance to provide new homeowners with information about real property taxes and exemptions.

November 15, 2017

Founded in 1876, The Legal Aid Society (“the Society”) is the oldest and largest not-for-profit in the nation providing free direct legal services to low-income families and individuals. The Society operates three major practices — Civil, Criminal, and Juvenile Rights -- through a network of borough, neighborhood, and courthouse-based offices in 26 locations in New York City. With more than 2,000 attorneys, paralegals, and support staff, the Society handles more than 300,000 individual cases each year. In the Civil Practice’s 22 specialty areas, the Society provides comprehensive direct legal assistance for families and individuals with legal problems involving housing, homelessness, and foreclosure; family law and domestic violence; employment issues faced by low-wage workers; public assistance; disability-related assistance; health law; HIV/AIDS and chronic diseases; elder law; tax law; consumer law; education law; immigration law; community development legal assistance to enable clients to move out of poverty; and reentry and reintegration matters for clients returning to the community from incarceration.

The Society was one of the first organizations in New York City to recognize the emerging foreclosure crisis, and established the Foreclosure Prevention and Home Equity Preservation Project to provide comprehensive legal services to homeowners facing

foreclosure and challenge abusive lending and real estate practices through affirmative litigation.

In both Queens and the Bronx, the Society conducts outreach and education focused on communities of color disproportionately affected by the foreclosure crisis. As members of statewide New Yorkers for Responsible Lending, and the citywide Coalition for Affordable Homes and Foreclosure Prevention Task Force, the Society advocates for legislative and policy changes on issues directly affecting our clients.

We appreciate the opportunity to testify today on the important issue of real property taxes and exemptions, and specifically Int. No. 1750, a Local Law to amend the Administrative Code of the City of New York to require the Department of Finance (DOF) to provide new homeowners with information about real property taxes and exemptions. We applaud the bill and support efforts to reach homeowners with this valuable information on property taxes and exemptions through the proposed mailing and electronic mail outreach. The bill, if adopted, would significantly improve DOF's communication with homeowners. While the current law merely requires DOF to publish a brochure on property taxes, assessments and exemptions on its website, the bill would require that the brochure be mailed to each homeowner, triggered by the transfer of the property. Thus, new homeowners would learn about their rights and obligations with respect to property taxes, potentially avoiding pitfalls commonly facing homeowners negotiating New York's arcane property tax scheme.

The bill would make information about the different tax exemptions more accessible. The clients assisted by our project are low-and moderate income homeowners who struggle to meet the financial requirements of homeownership. For these homeowners, many of whom are seniors on fixed incomes, the savings resulting from a property tax exemption can mean the difference between stable, affordable homeownership, and the spiral of interest-bearing property tax debt that eventually may lead to a tax lien foreclosure.

But we have also encountered clients who did not understand that they were ineligible for certain exemptions that remained on their property, causing tax arrears which potentially put them at risk of a tax lien sale. These clients inherited properties, or co-owned properties with deceased partners whose passing made them ineligible for continued

benefits under the exemptions previously granted. Many homeowners, unaware of the application form needed to remove previously granted exemptions for which they are no longer eligible, inadvertently continue to benefit until their exemptions are summarily removed. A case in point is a recent client who inherited the home from her mother who had benefitted from the enhanced school tax relief (Enhanced STAR). Unaware of the age requirement for this exemption or the need to remove the exemption, this homeowner continued to receive the exemption for three years after her mother's passing, until she received a "Revised Assessed Value-Remission," which retroactively charged her the amount she had saved over the course of the three years, back to when the property was transferred from the estate to herself, resulting in several thousand dollars of back taxes owed at once. Because we have encountered cases where ineligible homeowners continue to receive exemptions for years before the city finds and removes them, these bills can reach several thousands of dollars, making them subject to the lien sale. Even in cases involving modest sums, where a homeowner could have afforded to pay an extra \$100-\$200 that they had been saving under an exemption they were ineligible for, the lump-sum application of this relatively small sum over multiple quarters can result in a balloon payment unaffordable to most working New Yorkers. It is exactly unexpected financial burdens like these that push low- and moderate-income New Yorkers into foreclosure and threaten the delicate fabric of homeownership in our City.

The mailing of the brochure upon transfer of ownership is an important step in contributing to the prevention of escalating tax arrears for homeowner who are either unaware of exemption available to them or do not know the requirements for maintaining and/or removing certain exemptions.

We therefore support Int. 1750 and look forward to working with the City Council on further strengthening DOF's communication with homeowners.



Statement of Ashley Wegmann
Veteran Transition Manager
of
Iraq and Afghanistan Veterans Of America
before the
New York City Council Committee on Finance

November 15, 2017

Chairman Ferreras-Copeland, and Distinguished Members of the Committee, on behalf of Iraq and Afghanistan Veterans of America (IAVA) and our more than 400,000 members, I would like to thank you for the opportunity to testify here today.

My name is Ashley Wegmann. I am a Licensed Master Social Worker (LMSW) and a Veteran Transition Manager (VTM) with IAVA's Rapid Response Referral Program, or "RRRP" for short. RRRP is IAVA's high-tech, high-touch referral service for veterans and their families with a complete and comprehensive case management component. We assist veterans from all eras, with any discharge status, as well as their family members/caregivers. IAVA's RRRP team based here in New York, is staffed by masters-level VTMs - case managers who assist veterans worldwide in confronting significant challenges such as unemployment, financial or legal struggles, homelessness, and mental health related issues. The stressors that veterans encounter are frequently financial, and in serving veterans we have seen firsthand the positive effects that targeted tax relief and tax incentives have had in improving their lives and easing their transition to civilian life. RRRP has been able to provide a safety net capable of meaningful intervention to help stabilize both our national and New York City clients and their families in times of crisis, ensuring that transitional issues do not spiral into more severe hardships. Since December 2012, RRRP has served a total of 8,354 veterans nationally, including 1,163 in New York State, 241 of whom reside in New York City.

I will focus our testimony today on the specific veterans tax proposal under discussion in this hearing, the IAVA-supported Intro. 6880. This legislation would expand the school taxation exemption passed within the Alternative Veterans Exemption to the older Eligible Funds Exemption for veterans.

After thirteen years, IAVA has become the preferred empowerment organization for post-9/11 veterans. While our members and clients are spread throughout the nation, we are proud to say that our national headquarters is located here, in New York City.



The housing tax incentives that veterans receive are especially important as they help veterans establish homes, which in turn help them build their lives after their military service. The older Eligible Funds Exemption was established to reduce the assessed value, i.e. the dollar value assigned to a property to measure how much it is taxed, of a property that a veteran purchased with "eligible funds" that the veteran received after being discharged from active duty. These eligible funds can include a veteran's pension, any bonus or insurance funds, prisoners of war compensation, mustering out pay, and others pays for up to \$7,500. This exemption stopped being available when the Alternative Veterans Exemption was adopted in 1984, with those who still receive it essentially being grandfathered into the Eligible Funds Exemption.

The Alternative Veterans Exemption that was established in 1984 by contrast allows for a 15% reduction in assessed value to veterans who served during war time and an additional 10% assessed value reduction to veterans serving in combat zones. For veterans with service-connected disabilities there is an additional assessed value reduction that is equal to one half of the veteran's disability rating.

Earlier this year, legislation was passed that allows veterans who receive the Alternative Veterans Exemption to also be exempt from paying school taxes on their homes. However, this provision was not provided to veterans still using the older Eligible Funds Exemption. Intro. 6880 would address this issue and allow veterans that fall under the Eligible Funds Exemption to be exempt from school taxes as well. It is for this reason that IAVA supports Intro. 6880.

IAVA has long advocated for tax policies that work to empower veterans and their families. Examples of some of these policy proposals, included in IAVA's Policy Agenda, include: 1) Providing tax credits that reward businesses for hiring unemployed veterans and wounded warriors, 2) Providing tax credits to patriotic employers who pay the difference between a Reserve or National Guard member's civilian salaries and military wages when they are called to active duty, and 3) Allowing taxpayers to designate a portion of their income tax payment to provide assistance to homeless veterans. In addition to Intro. 6880, we encourage this committee to introduce proposals similar to the tax proposals within IAVA's Policy Agenda.

Given the challenges that veterans encounter when transitioning from military to civilian life, it is vitally important that we are putting forth policies that allow veterans to establish homes during and after their military service.

Members of the Committee, thank you again for the opportunity to share IAVA's views on this legislation today. I look forward to answering any questions you may have.



Ashley Wegmann, LMSW, is a Veteran Transition Manager (VTM) with IAVA. As a VTM, Ashley provides referral services to veterans and their families to address a wide variety of needs including: health, mental health, housing, employment, financial, legal, homelessness, education, and community support. She provides client-centered case management services and advocacy while empowering veterans and their families to reach their goals. Ashley holds a Master's of Social Work degree and a certificate in Animal Assisted Social Work from University of Denver, and a BS in Biology and Sociology from Stony Brook University.

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I represent: NYC Veterans Alliance

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