CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

November 20, 2018
Start: 10:08 a.m.
Recess: 11:24 a.m.

HELD AT: 250 Broadway-Committee Rm, 16th Fl.

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Chairperson

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

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Commissioner of the New York City Department of Finance, DOF

Jeffrey Shear
Deputy Commissioner of Treasury and Payment at The New York City Department of Finance, DOF

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[gavel]

CHAIRPERSON DROMM: Okay, good morning and welcome to todays Finance Committee hearing. My name is Council Member Daniel Dromm and I'm the Chair of the Committee. I want to thank everyone for joining us today. We have been joined by Council Member Barry Grodenchik, others will be… and Council Member Powers. Today the Committee will be hearing two pieces of legislation relating to payment agreements for people who owe property tax arrears. The first is proposed Intro Number 1143 sponsored by myself and Council Member Yeger by request of the Mayor. This bill will establish three new types of income-based installment agreements available to low income homeowners where the property is their primary residence. The second piece of legislation is a Pre-Considered Intro sponsored by, by myself to authorize the banking commission to recommend and the Council to adopt a property tax late payment interest rate that would be applicable to certain properties that are subject to an installment agreement where such agreement is current. Before I describe the bills in more detail, I want to thank the Department of Finance for working together with the Council to bring today's bills to a hearing. These pieces of legislation are a product of a 2015 task force on the lien sale which was a joint effort between representatives of the administration and the council. After meeting and working on the year long task force, one of the final recommendations was to create ways to minimize the number of properties in the lien sale by allowing for affordable payment plans, lower interest rates and flexibility when property owners work in good faith with the city to address their debt. This hearing has therefore been several years in the making and I want to commend the Commissioner in particular for his leadership and advocacy on this issue. These programs are the first of their kind in the city and they're going to help a lot of people who are struggling to pay their rising tax bills, property tax bills. Jumping into the specifics of the plans currently, when a property owner owes property tax arrears, they can enter into an installment agreement with DOF in order to pay back the amount owed over time. These installment agreements will withdraw the property from an upcoming lien sale and can be entered into for a period of up to ten years with as little as zero dollars in down payment with the amount of each installment is calculated without regard to income or ability to pay and property owners must remain current on all property taxes as they accrue. Moreover, interest continues to accrue on the unpaid amounts at the same rate of interest as they did prior to the execution of the agreement. As a result, many property owners cannot actually afford the payments on the agreements and then end up defaulting which bars them from entering into another payment plan for at least five years. According to the Department of Finance the default rate in 2018 was 46.5 percent meaning that nearly half of the people in installment agreements could not afford to keep up with them. in an effort to bring down the default rate and help homeowners stay current on their payment plans and out of the lien sale Intro Number 1143 will establish three new installment agreements available to homeowners who earn 50,000 dollars or less a year; own a class one, one to three family home or a class two condo and use the home as their primary place of residence. The three new agreements will be as follows; one, a senior installment agreement that allows seniors to defer a percentage or all of their property tax payments until death or the transfer of the property. Two, an income-based installment agreement that would allow eligible homeowners to make payments based on a percentage of their income for however long it takes to pay off their debt. And three, an extenuating circumstances installment agreement that would allow a homeowner with an extenuating circumstance like the loss of the job… of a job or the death of a contributing household member to pay an amount based on a percentage of their income for a year or two until they get back on their feet. The second piece of legislation, the Pre-Considered Intro relates to the late payment interest rates. Currently the banking commission must recommend two late payment interest rates to the Council for the late payment of property taxes. One property… one property with assessed values of more than 250,000 dollars and one properties with assessed value of 250,000 dollars or less. For nearly 25 years those rates remained at 18 and 19, 19… and excuse me, 18 and nine percent respectively but beginning in fiscal 2016 the Council adopted a rate lower than the nine percent in an attempt to ease the burden on property owners who were already struggling and to bring the interest rate charged by the city more in line with interest rates charged in other contexts. For the fiscal 2019, the adopted interest rates are 18 percent for the higher value of properties and seven percent for the lower valued properties. However, despite this lower rate interest continues to accrue more quickly than homeowners can pay leading to a higher overall amount of payment over time and contributing to the high default rate on installment agreements. Moreover, all tax arrears owed to the city accrue interest at the same rate regardless of whether the property owner is making a good faith effort to address the debt by entering into an installment agreement with the city or whether the property owner is taking no steps to pay the city what it is owed. Therefore, this Preconsidered Intro would require the banking commission to recommend and allow the Council to adopt a lower interest rate that would be applicable to properties with an assessed value of 250,000 dollars or less that is subject to a valid payment agreement plan with DOF. This will create a greater incentive for people to enter into late payment plans and help them stay current on those plans so that they can successfully resolve their debt. Responsible homeowners who engage with the city to pay the money they owe should be rewarded for their efforts. This bill will accomplish that while still ensuring that the city collects all the property taxes it is due and that any… and that any cost associated with the deferred payments are covered. The Committee looks forward to hearing from the Commissioner on both of these bills and to continue to work with him and his team to assist the property owners with addressing their property tax burdens. So, before we hear from the Commissioner, Commissioner Jacques Jiha and Deputy Commissioner Jeffrey Shear I'd like to thank Rebecca Chasan, Stephanie Ruiz, Raymond Majewski, Emra Edev, Davis Winslow and Masis Sarkissian from the Finance Division for the work in putting together today's hearing and now we will hear from the Department of Finance after they are sworn in.

COMMITTEE CLERK: Do you affirm that your testimony will be truthful to the best of your knowledge, information and belief?

JACQUES JIHA: Yes, I do.

JEFFREY SHEAR: Yes.

JACQUES JIHA: Good morning Chair Dromm and members of the Finance Committee. I am joined today as you said by Jeffrey Shear, who is the Deputy Commissioner of Treasury and Payment Services at the New York City Department of Finance. We come before you today in support of legislation that will help low income New Yorkers and seniors who are struggling to pay their property tax, taxes and are at risk of losing their homes. Intro 1143 fulfills a promise made to the Council in 2017, when we requested that the Council extend the city's tax lien sales authority. At the time, we told the Council that we would design a payment plan that would take into account New Yorkers' ability to pay and thereby help them stay out of the lien sale. The legislation before you today will do exactly that, with tremendous positive impacts for our most vulnerable property owners. First, let me give you some background on why these new payment agreements are so necessary. In the last ten years, property values have skyrocketed in New York City as a result of a number of factors, including record employment growth and low interest rates. While this is good news for people who are selling their properties, it is not such good news for senior citizens and homeowners living on a fixed income. These are people… these are not people looking to flip there, their houses and make money. They want to stay in their neighborhoods and continue to contribute to their community. but as neighborhoods gentrify and development accelerate, accelerates, their property, property values and therefore the taxes are rising while their incomes modest remains of the same. As a result, many vulnerable homeowners wind up in the lien sale. We know that the lien sale is an effective enforcement tool for the city. Voluntary compliance has greatly increased since its inception; property tax delinquency has declined from an average of 4.4 percent to just 1.2 percent today. That is very important because each percentage point increase in voluntary compliance is worth about 260 million dollars more in property tax collections. So, the 3.2 percent percentage point difference results annually in 830 million dollars of additional revenue to fund critical city services. But while the lien sale is effective, we want to do what we can to help seniors, single mothers, persons with disabilities and others avoid becoming delinquent on their real property tax bills. That is why we have significantly increased our outreach efforts to keep property owners out of the lien sale, whether by enrolling them in payment plans or helping them apply for exemptions that can reduce their taxes and remove their properties from the lien sale. Over the past three years, we have averaged a total of about 3,900 liens sold, compared to an average of about 5,000 in the proceeding three years, a decrease of 22 percent. As you know, under existing tax law, the Department of Finance offers a payment agreement that allows property owners who are behind on their property taxes to put as little as zero down and make payments of their delinquent taxes for a term of up, up to ten years. However, the agreements require that owners pay all of their newly incurred charges as they come due each quarter, which is difficult for many property owners. For example, the median tax bill for a homeowner in 2017 was 4,447 dollars. While the homeowner may only have to pay a couple of hundred dollars each quarter for the delinquent taxes, he or she must also pay an additional 1,100 dollars per quarter to keep current. For some property owners these requirements are hard to meet, which leads some to default on the agreements. Once an owner defaults on a payment plan agreement, he or she is ineligible for a new agreement for five years, unless there are extenuating circumstances, such as a job loss or a death in the family, or unless the owner somehow manages to pay 20 percent of the total amount owed. Given the high default rate, a growing number of property owners are claiming extenuating circumstances for their… for their defaulted agreement so that they may receive another agreement and keep their property out of the tax lien sale. Basically, it all adds up to this: New York City homeowners need relief, and this legislation will provide assistance to taxpayers who are experiencing hardship in paying their property taxes. The legislation creates three new payment plans that take into account homeowners' income and ability to pay. The plans will be available to condo and class one homeowners and seniors who earn 50,000 dollars or less. The new payment plans will allow homeowners not only to extend the repayment of their delinquent taxes, but to defer a portion of their current taxes until the home is sold or transferred to a new owner, at which point the city will collect with interest.

In essence, the unpaid property taxes will be deferred but not forgiven. The deferral amount is limited to 25 percent of the homeowner equity for class one properties, and 50 percent equity for condos. Interest on the unpaid property taxes will continue to accrue as… at seven percent as established by current local law. Here is a summary of the three payment plans in the new legislation. The first one is the low-income senior plan which would allow seniors to age in their homes. In order to qualify, class one and condo owners must be 65 or older, earn less than 50,000 dollars, and reside in the property for at least one year. The taxpayer can choose to make monthly or quarterly payments of zero percent, 25, 50, or 75 percent of back and prospective taxes. The second plan is a fixed length income-based plan, which is for homeowners who face short term financial difficulties. They must earn less than 50,000 dollars and have resided at the property for at least one year. The homeowner can make monthly or quarterly payments of two, four, six or eight percent of their income to pay back taxes plus one year’s worth of current charges. The third plan is the extenuating circumstances income-based plan, which is for homeowners who meet the Department of Finance's legal definition of extenuating circumstances. This includes the death or serious illness of the owner or an immediate family member, loss of income due to unemployment or enrollment in the Department of Environmental Protection's water debt assistance program. Applicants must earn less than 50,000 dollars and have resided at the property for at least one year. They can choose to pay two, four, six, or eight percent of their income to pay back taxes and current charges for as long as the extenuating circumstances persist. The deferral… the tax deferral is capped at 25 percent of their equity in the property. We expect that the new plans will be a more realistic option for people who are house rich but cash poor and have trouble paying their property taxes. We will market them aggressively by including information in our notices and bills. We will seek traditional and social media publicity and we will host a series of outreach events throughout all five boroughs including having joint sessions with Council Members and other elected officials. It is important to note that these payment agreements will not affect city revenues. Since the city accounts on an accrual basis, only cash flow will be impacted. Based on the experiences of other localities with similar programs, we estimate that the total amount of property taxes that will be deferred over a ten, ten-year period will be approximately 14 million dollars. We will collect the deferred property taxes via property closings or as a last resort via the tax lien sale process if the homeowner defaults on the agreement. Furthermore, the city's interest is protected by limiting the tax deferral amounts to 25 percent of the owner's equity. In summary, this legislation is a win for everyone. the city will continue to collect the property taxes that fund its core services, while New Yorkers with limited means will be able to stay in their homes and the neighborhoods that they love. We thank the Council for all you have done to help us reduce the number of homeowners in the lien sale and to reach the people and communities who need our help. Today, we ask you to join us in support of Intro 1143. Thank you and I'd be more than happy to take any questions.

CHAIRPERSON DROMM: Thank you very much Commissioner, we appreciate your testimony, you coming in and working with us on this important piece of legislation. Let me just start off by saying currently the Department offers a payment plan that is zero money down for up to ten years but without consideration of the property owners' ability to pay, how many of these payment plans are currently active?

JACQUES JIHA: I think we have an inventive of 3,300… 30, 36… 3,400, yeah.

CHAIRPERSON DROMM: And how can homeowners enter into installment agreements that are currently available, do they do that in person or they do it online, how does that work?

JACQUES JIHA: Currently they have to go to one of our business centers to apply for one, ultimately, we would move the application electronically, so they could do it online.

CHAIRPERSON DROMM: Do you know when that will be up?

JACQUES JIHA: We are currently working on it, yeah… [cross-talk]

CHAIRPERSON DROMM: So, you… [cross-talk]

JACQUES JIHA: …we are… we are about to launch our new property tax system sometime in January.

CHAIRPERSON DROMM: Okay, so January?

JACQUES JIHA: After, after January.

CHAIRPERSON DROMM: After January…

JACQUES JIHA: Yeah.

CHAIRPERSON DROMM: Okay. Will all the methods and locations for enrollment into the current plans also exist for enrolment into these new agreements?

JACQUES JIHA: Yes.

CHAIRPERSON DROMM: They'll all be there, okay. Alright, now your proposing three different payment plans; one for seniors, one for property owners with extenuating circumstances and one for a fixed period of time, how many properties do you estimate will participate in each of these payment programs each year?

JACQUES JIHA: At, at this moment in time we don't have a… you know a good sense of how many people will participate in the program but you know we, we will look in… we are looking into this to know… to have a better sense but its, it's what I call perimeter driven, it depends on, on our outreach efforts. The more outreach we do the more people we could reach, and I think after the first year we'll have a better sense of how many people would register but so far, we think we're probably going to be in line with what we have been historically.

CHAIRPERSON DROMM: Do you have an idea about how much tax revenue would be deferred?

JACQUES JIHA: So, we… as I said in my testimony, we're looking over a ten-year period of about 14 million dollars.

CHAIRPERSON DROMM: 14 million that's… [cross-talk]

JACQUES JIHA: Yeah… [cross-talk]

CHAIRPERSON DROMM: …right, exactly. Do you have a fiscal estimate for this bill?

JACQUES JIHA: Technically it's not going to cause the city any… it's not going to have any fiscal impact on the city's revenue because as I said the city accounting is based on accrued accounting so it's not when the tax… it's, it's when the tax is accrued not when its… you know when the money comes into the city so its going to have a cash flow but not a revenue per se on the city's revenue.

CHAIRPERSON DROMM: Uh-huh. Do tax payers have to be in default to enter into the agreement or could it be used to address like future taxes?

JACQUES JIHA: Hopefully we don’t have to put them in default its like if you know for sure you’re going to have some financial difficulties it is an option for you before you get into a default position.

CHAIRPERSON DROMM: Can you describe the steps and the paperwork a property owner would have to do in order to enroll in the programs?

JACQUES JIHA: Well let me defer to Jeff who is involved more or less in the day to day administration of the plan but so far its, its not going to be different, much more different than what we already have, it is that because of… it requires a lot more work because the underwriting is going to be different than because its linked to the property now so therefore we have to more or less follow a different sort of underwriting procedure but that is we have… we’ll have to look at the value of the property, estimate the value of the property and see how much equity that the property owner has… property owner has in the property and so all this is going to require some work but I would defer to Jeff… [cross-talk]

CHAIRPERSON DROMM: Before, before you move… [cross-talk]

JACQUES JIHA: …to give more detail… [cross-talk]

CHAIRPERSON DROMM: …to that will you be able to provide any in person assistance?

JACQUES JIHA: Oh, yes, yes… [cross-talk]

CHAIRPERSON DROMM: For, for the homeowners, okay… [cross-talk]

JACQUES JIHA: Yes, yes.

JEFFREY SHEAR: Yes, so we plan to have the intake at our five business centers in each of the boroughs, we plan to have as the Commissioner said a relatively easy application form but we will have to do a little bit of work when it comes to verifying income and also verifying the equity in the property so we will be asking people once they've cleared the first hurdle to have a title search report so we fully understand all of the potential liabilities against the property to calculate that. We also are currently working on what we're calling a payment terms calculator so that when people do come in they can see in advance what the full terms are of the agreement, which is something that frank… we're, we're not doing such a good job of right now so they can see based upon what portion of their income that they would be paying over what period of time, what the monthly payment would be, etcetera. So, that is something that they would get immediate in, input from us on and we will likely ask them to sign a printout of that just to make sure they understand what they're getting into, but we will have some back-office verification of the income and the, the… [cross-talk]

JACQUES JIHA: Equity… [cross-talk]

JEFFREY SHEAR: …equity in the property.

CHAIRPERSON DROMM: How do you determine that, the equity in the property?

JEFFREY SHEAR: So, the, the equity in the property would be… we're going to be using the DOF determined value of the property since that's readily available to us and then we are going to from the title report look at mortgages or liens… [cross-talk]

JACQUES JIHA: Or, or the liens… [cross-talk]

JEFFREY SHEAR: …anything… any liabilities to be subtracted from, from the value.

CHAIRPERSON DROMM: Okay, you mentioned in your testimony Commissioner about outreach and that being important, so what is the plan to do outreach at this point?

JACQUES JIHA: Well that's something we're going to aggressively pursue. As you know we have a very aggressive outreach campaign at the… at DOF working with other elected officials so we will continue that kind of outreach with elected officials and other communities but we will also include in all of our notices, all of our… all of our bills so we have the tax… like the 90 days, 60 days, 45 days and so on so every correspondence we're going to have… we're going to try to include information about the program. We will also engage… what I call the traditional media as well as social media, okay, a very aggressive campaign again to reach as many people, we're also going different ethnic… work with different ethnic media, go into different ethnic communities specifically to make sure they are aware of the program. So, our goal is we are working on a very aggressive campaign, our outreach team is here, and they will provide you more detailed campaign but for now we're working on a very aggressive campaign that we will share with you as we begin to implement the program.

CHAIRPERSON DROMM: Will you work with other organizations or agencies?

JACQUES JIHA: Oh, definitely… [cross-talk]

CHAIRPERSON DROMM: …to promote it as well?

JACQUES JIHA: Oh, definitely, yes.

CHAIRPERSON DROMM: Can the DOF use information that it collects from payment plan applications to automatically enroll homeowners, in exemption and abatement programs they're eligible for, for example SCHE or if not how can DOF help taxpayers who are eligible for exemptions sign up for them?

JACQUES JIHA: I would not automatically enroll people because I would let, you know tax payers make their own decisions whether or not they want to take… yeah because this is a long technically, technically… yeah, so I would let them make their own decision but however as I said we would try to use every single opportunity that we have to reach out to the people who are struggling to pay their property taxes to ensure that they are fully aware of, of the program. We are also… as you know we do a very aggressive campaign to make sure that tax arrears take advantage of all the exemption programs that we have because this is from our perspective one way of ensuring that property taxes in New York is, is more… its affordable, affordable to a lot of tax payers. So, we will continue to aggressively campaign… you know market these programs to the taxpayers as much as we can.

CHAIRPERSON DROMM: The current maximum incomes for SCHE and DHE is about 58,000 and the states enhanced STAR program has an income limit of about 74,000 so can you tell us how you arrived at the 50,000-dollar limit?

JACQUES JIHA: The 50,000, I mean the SCHE and DHE… all of the programs that we have, the maximum benefits that you secure is at 50,000, after 50,000 you continue to get benefits, but they phase out over… you know the benefit phases out after 50,000 but for 50 it does not. So, our goal was to find the maximum point, you know and then match it to make sure it’s consistent across all of our forums.

CHAIRPERSON DROMM: Would DOF be supportive of indexing the threshold to some measure of inflation or median income in the city?

JACQUES JIHA: Well this is something we could look in the future once we… once we have the infrastructure in place because as you can imagine it's going to be rather complicated in terms of ensuring that on an annual basis we have to adjust the threshold so again as I say I'm open to that kind of discussion but to begin with we have to start by having an infrastructure that we can handle to begin with, once we do we'd be open to this kind of discussion.

CHAIRPERSON DROMM: So, all these programs are income restricted and will be checked on an… on an annual basis?

JACQUES JIHA: Yes… [cross-talk]

CHAIRPERSON DROMM: And so, if, if a homeowner goes over the 50,000 dollars in any given year what would happen to a taxpayer in the payment plan that experiences… like let's say a onetime windfall in terms of income?

JACQUES JIHA: Well that's… it… part of the way which we designed the program and once you reach 50,000 dollars you’re technically out of the program and I have to think about because of that issue of if you have a onetime increase in income and you’ll come right back to it because this is some, something that we’ve dealt with, with the SCHE program, we addressed that issue because that was a technical problem for us. Again I would… we could come to you with looking into… in terms of it is a onetime spike in income and your income comes back to the normal flow but currently the way we have it once your income exceeds the 50,000 dollars you would be out of the program, another words you’re not going to be forced to pay, you’re still going to be in the plan but you’re not going to take advantage… [cross-talk]

CHAIRPERSON DROMM: So, like if somebody gets a, a life insurance policy or… [cross-talk]

JACQUES JIHA: Yeah, that’s… as I said we’ll have to… we’ll have to look into this as I expect, we did for SCHE and DHE, we had the same… we had a similar problem with SCHE and DHE which we addressed… SCRIE, SCRIE, SCRIE and DRIE.

CHAIRPERSON DROMM: So, similarly if a property owner misses the renewal deadline to renew the hardship payment plan will there be any flexibility to allow them to reenter the installment agreement?

JACQUES JIHA: Again, we will look into these issues but, you know currently we have a… what is the deadline we have right now… we, we haven’t set up a deadline now per se…

JEFFREY SHEAR: Right, we… [cross-talk]

JACQUES JIHA: We haven’t set up a deadline at this point in time in terms of a fixed date, we don’t… we don’t have that yet. I think our, our goal is to make sure we, we, we continue to renew… the purpose of the renewal program is that we could obtain information about the income on an annual basis to see the participant still qualified but I don’t think we have a date yet. The latest… I don’t think in the law we have any specific date.

[off mic dialogue]

JACQUES JIHA: After January 2019, okay.

CHAIRPERSON DROMM: So, could you just repeat that into the mic, so we can get it…

JACQUES JIHA: Go ahead.

[off mic dialogue]

CHAIRPERSON DROMM: So, it applies to agreements after January…

JEFFREY SHEAR: 2019.

CHAIRPERSON DROMM: 2019, okay.

[off mic dialogue]

JACQUES JIHA: That's the effective date, the effective date is January 2019, but I think what the question was what happened if you went to renew do, we have an effective date for renewal, in the legislation?

[off mic dialogue]

JACQUES JIHA: We'll get back to you, we'll get back to you on this.

CHAIRPERSON DROMM: Okay, let me just talk a little bit about the Pre-Considered Intro that would require the banking commission to recommend and allow the council to adopt an interest rate that would be applicable to tax arrears or properties that are subject to incur installment agreement. This interest rate must be at least equal to the most recently determined federal short-term rate most recently set at about 2.5 percent which is commonly understood to represent the rate at which a short-term borrowing could be achieved in the unlikely incidence that the city would have to borrow to cover the cost of these deferred payments. Now while I understand that you're still reviewing the details of the bill I'd like to ask you generally about the concept of the bill; there's the administration review, the interest rate as a penalty for late payment or as a way to cover the cost of non or deferred payment.

JACQUES JIHA: Though we have… the way I look at it is as I… I'm as concerned as you with respect to adding any undue burden on the taxpayer so therefore we always look for ways that's the reason why we come up with the new plans that we introduced the legislation but the times that we have is as you know the reduction in the rate would have a significant impact on tax revenue, okay, so from that perspective this is not something we should analyze in, in isolation we should look at it in the context of a budget negotiation or discussion rather than just isolating it that's what… you know at this point and as a way I would characterize it from my perspective.

CHAIRPERSON DROMM: Do you have an estimate of the fiscal impact of the… of the legislation?

JACQUES JIHA: We’re still working on it but we also have to look at it not just from a property tax respective but in terms of the water authority because they are forced to basically adopt the same wage that we are using so the impact may not be as much on us but for them it will be significant because they have to… that interest would actually be used for all… for everyone not just for a segment, a small segment so from their perspective it could be very high.

CHAIRPERSON DROMM: Uh-huh. Okay, I’m going to let some Council Members ask questions, Council Member Helen Rosenthal.

COUNCIL MEMBER ROSENTHAL: Thank you Chair Dromm. These are great things… great work you’re doing so thank you.

JACQUES JIHA: Thank you.

COUNCIL MEMBER ROSENTHAL: But I’m still going to just ask a quick question, do you have a… do you know the spread between what it cost the city to borrow money compared to what we will now be charging?

JACQUES JIHA: I don’t have the information from the top of my head, but I could provide you that information.

COUNCIL MEMBER ROSENTHAL: Do you have a guess?

JACQUES JIHA: You know most of it depends on, you know which… you know timing is different, you know capital… you know capital market changes daily for long term capital, so I don’t have… [cross-talk]

COUNCIL MEMBER ROSENTHAL: I’m just wondering… [cross-talk]

JACQUES JIHA: …I don’t have something in mind… [cross-talk]

COUNCIL MEMBER ROSENTHAL: It… [cross-talk]

JACQUES JIHA: …you know on top of my head.

COUNCIL MEMBER ROSENTHAL: Okay…

JACQUES JIHA: But I will provide you that information.

COUNCIL MEMBER ROSENTHAL: Sure, sure. Okay, thank you, thank you Chair.

CHAIRPERSON DROMM: Good and I, I forgot to announce that we were joined by Council Members Powers, Rosenthal, Matteo, Moya, and Cornegy. So, thank you all for coming and now we've been joined by Council Member Van Bramer. Let me just go back I have some questions about water bills. Does entering into one of these payment plans address taxpayer issues with water and sewer charges and how can taxpayers be sure they are up to date on all of their property related charges?

JACQUES JIHA: No, this is… it has nothing to do with water and sewer it's a separate… as you know it's a separate entity.

CHAIRPERSON DROMM: Is there a way that the taxpayer can check that they're up to date on all of their payments that are owed to the city?

JEFFREY SHEAR: I'm sorry, can you… can you repeat that… [cross-talk]

CHAIRPERSON DROMM: Sure, is, is there a way that taxpayers can be sure that they're up to date on all of their property related charges, how can they find out that information?

JEFFREY SHEAR: They can find out that information online or at, at our business centers.

CHAIRPERSON DROMM: Is it all on, on one… at one site, one address?

JEFFREY SHEAR: For… are you including the water charges?

CHAIRPERSON DROMM: Yeah.

JEFFREY SHEAR: No… so, right now it is not, no, the DEP runs a separate system.

CHAIRPERSON DROMM: Okay, a lot of constituents do see it as the same… [cross-talk]

JEFFREY SHEAR: Yes… [cross-talk]

JACQUES JIHA: We need… [cross-talk]

JEFFREY SHEAR: We understand… [cross-talk]

JACQUES JIHA: …but, but considering one is our authority which is independent of the city per se so that is always a challenge.

CHAIRPERSON DROMM: So, did you reach out to DEP at all to see if they're willing to offer a similar hardship plan?

JACQUES JIHA: They have a hardship plan, yeah.

JEFFREY SHEAR: Yeah, so DEP has the water debt assistance program which we do refer to in the testimony… [cross-talk]

CHAIRPERSON DROMM: Uh-huh… [cross-talk]

JEFFREY SHEAR: …that participation in that program would allow people to get the extenuating circumstances plan that we talk about so that's one of the triggers for us accepting them so if, if DEP has given in effect their version of, of a hardship plan and if the homeowner meets the income qualifications then they would be eligible for our plan.

CHAIRPERSON DROMM: And how do you coordinate that with DEP?

JEFFREY SHEAR: When someone applies with us, we, we will be checking with DEP.

CHAIRPERSON DROMM: Are you reviewing DEP payment data to get a sense of who might benefit from those programs?

JEFFREY SHEAR: I'm sorry, could you be a little… [cross-talk]

CHAIRPERSON DROMM: Sure, are you… [cross-talk]

JEFFREY SHEAR: …more specific… [cross-talk]

CHAIRPERSON DROMM: …reviewing DEP payment data to get a sense of who might be eligible for these programs that we're talking about today?

JACQUES JIHA: We have not done it, I don't know… we don't… our focus has been on creating the policy the… [cross-talk]

CHAIRPERSON DROMM: Will that be something… [cross-talk]

JACQUES JIHA: …but that's… once we have… once we put the administration in place… [cross-talk]

CHAIRPERSON DROMM: Moving forward… [cross-talk]

JACQUES JIHA: …that will be one of the things that we'll be looking into… [cross-talk]

JEFFREY SHEAR: We, we would definitely use that as, as… to create our marketing plan and, and know who we want to do outreach towards.

CHAIRPERSON DROMM: Okay, so as written the installment agreements will be available to class one and class two condo owners, so what is DOF's position on expanding the eligibility to small class two buildings such as those who may live in what is categorized as a four-unit building but is used as a one family or two-family home?

JACQUES JIHA: Currently we don’t have them because in, in, in mind and again because the, the focus has been on trying to protect homeowners with incomes of less than 50,000 dollars, as you know many of these properties are technically classified as commercial on the… right now.

CHAIRPERSON DROMM: So, we still would like to discuss that four to six family owner occupied situation with you as well… [cross-talk]

JACQUES JIHA: We, we could discuss…

CHAIRPERSON DROMM: It might just fall outside of the legislation that we’re… [cross-talk]

JACQUES JIHA: Sure… [cross-talk]

CHAIRPERSON DROMM: …discussing. Our, our staff shared with you a report from the California Legislative Analyst Office that reviewed the state’s program of deferred payments for low payment… for low income seniors. One of the findings was that the state which charges a seven percent non-compounded rate earned a profit on these programs which presumably the city would make as well. That report also cited the relatively high seven percent interest rate as a potential explanation for the low usage of that state's program. Do you believe that a lower rate would encourage enrollment and usage of these assistant programs?

JACQUES JIHA: Again I don't know apply sensitive per se, these programs so that, you know it's an inference you would make to say, you know if you lower the interest rate more people will participate based on our own experience is when people are having trouble paying their property taxes, they are about to go into a lien sale that's when they are looking for a payment plan to get out of lien sales so I… you know I'm, I haven't seen any evidence, any study that basically link interest rate with participation in this kind of program but again, you know I would make a… to me that would be a speculation on my part to argue that there's a correlation between the two.

CHAIRPERSON DROMM: How soon after a tax payment is missed are homeowners notified of that?

JACQUES JIHA: Jeff…

JEFFREY SHEAR: They are notified in their next bill so typically that would be their… the quarterly statement of account. For this plan we plan to offer quarterly or monthly bills, so we would be notifying them at the time of the next bill.

CHAIRPERSON DROMM: I think we are done with this portion, I want to thank you for coming in and giving testimony, we look forward to putting the finishing touches on this piece of legislation.

JEFFREY SHEAR: Great.

JACQUES JIHA: Thank you very much.

CHAIRPERSON DROMM: Thank you again for coming in. I'd now like to call up Arthur Burkle from Legal Services New York City; Oda Friedheim, I'm sorry if I mispronounced your name from the Legal Aid Society; Leo Goldberg from the Center for New York City Neighborhoods and Robby Yozzo, Yozzo. Okay, thank you all for coming in, would you like to start over there?

[off mic dialogue]

CHAIRPERSON DROMM: Okay, fine, okay, that's fine. Okay, very good.

LEO GOLDBERG: Good morning. My name is Leo Goldberg, I am the Policy and Research Manager at the Center for New York City Neighborhoods. I thank you Chair Dromm and the Committee for holding today's hearing. The center works with LMI homeowners, we coordinate foreclosure prevention and housing counseling and we have foreclosure prevention loan program called the Mortgage Assistance Program that in addition to helping homeowners with tax arrears also helps people with… sorry, in addition to mortgage arrears it helps homeowners with tax arrears and the program looks similar to the senior deferred option so we have some experience in this… in this area. So, I'll just briefly say we are really pleased that the Council is taking this up. This is the area that we think is vitally important. There are tens of thousands of lower income homeowners who experience really severe tax burdens. You may have seen the report from the Comptroller's Office recently that found that lower income homeowners have much higher tax burdens as a proportion to their income than higher income people and this is a result of the property tax system and tax caps, etcetera but the result is that the lower income you have as a homeowner regardless of the value in your property the greater strain you have. We did a survey of homeowners in East New York last year and we found that only 18 percent reported that they were able to save any money after paying all their bills with the rest either breaking even or drawing on credit cards or other debt just to meet regular expenses. So, there's a really wide spread level of financial precariousness in the city and we think that this is one good step towards helping folks address that. So, with that said we think that in some of the specifics of the bill there's some work to be done to make sure that it's as effective as possible and that it is providing the assistance that it sets out to do. so, I'm… I have more detail in the testimony, I know the folks around me are going to go into more detail as well, so I'll do kind of a high-level overview of some of the areas we think could be improved. So, one is reducing barriers in the application and renewal process and I think the Chair's questions got at some of this but assuming that applicants are going to be able to take on a title search and some of the other requirements could be… could be problematic even though with the title search requirement there is an option that the DOF does it on behalf of the homeowner and it's reimbursed, even the requirement on the face of the application might be discouraging to a number of homeowners we have to assume that a lot of people are already in a, a financial strain and perhaps other strains in their life when they're going through this application process and really making this as simple as possible with as few barriers as possible is going to be really important and something like hiring someone to do a title search can be… can be really discouraging. Another piece would be the requirement that all owners on the property sign the application, we'd hope to see some kind of exemption to that requirement because there's a lot of people with complicated family situations and we need some acknowledge of that in the application process here. And then the Chair's questions got at a point that I think is really crucial which is the requirement that their annual renewals of the application especially for seniors we imagine that many seniors would drop out of the program accidently. DOF has a lot of sources of data that could draw into verifying the ongoing eligibility of, of these homeowners in the program especially if it was brought in line with SCHE or the enhanced STAR program so, you could link it closer to these existing exemption programs, cross reference and make sure that homeowners are eligible in that way. We also have some concerns about the net equity requirement, while I understand why it's useful in the senior case, I actually don't understand why it's useful for the non-senior options and would exclude some homeowners that otherwise could be helped by the program. And then coming back to the income eligibility question, like I said I think would make sense to bump up the income eligibility for the seniors up to the other programs that exist and we looked at application dated to the New York Mortgage Assistance Program for non-seniors looking for help with their tax liens and we found that 42 percent of the applicants were above 50,000 dollars in income so there is demand for this exact kind of help above that 50,000 threshold and I think we should really consider raising it, the city's going to get this tax revenue back eventually. It's a well-structured program, there will be a lien on the property so why not raise the income to, to meet the need where it is. And I should say the, the New York MAP program is going to be fully subscribed in the spring so these… measures like these are going to be really important to fill that hole. And just the last couple of notes I would make is this points to an issue with the broader property tax system that we hoped that the

Council takes on as well, which these installment plans will help people once they're already in trouble we would also hope to see stronger provisions that link people's property taxes to their incomes before they're in trouble so that might look like circuit breakers, breakers, homesteading exemptions to make sure that a homeowner in a gentrifying neighborhood isn't priced out of their home or put in a situation where they need to come to DOF for help just because of the circumstances around their property. A lot of cities in the U.S. have systems like this; circuit breaker exemptions, etcetera and we should really look at that more. And, and finally, notice and… especially if someone is exiting the installment plan agreement or, or at risk of defaulting on it it's really critical to, to provide a serious level of notice. We see this with our clients and our partner's clients all the time that just because the letter is sent to someone telling them that they're behind on their bill does not mean that they're going to read that or understand it so, a, a housing counselors, legal services, having people ready to assist these homeowners is going to be really key. So, thank you for the opportunity to testify and thank you for advancing this legislation.

CHAIRPERSON DROMM: Just quick before we go to the next person, what's the cost today for a title search approximately?

LEO GOLDBERG: I don't know.

ODA FRIEDHEIM: It could be four, four or 500 dollars, 500, 500 approximately.

CHAIRPERSON DROMM: That much, yeah, okay.

ODA FRIEDHEIM: Yeah.

CHAIRPERSON DROMM: And what would be the suggested level to raise the eligibility level to, its 58,000 something for the… for SCRIE I guess and DRIE, did you make a suggestion?

LEO GOLDBERG: I, I think for the seniors raising it to the SCHE level would be good, we could also raise it to enhanced STAR level, I'm not sure what the city loses in doing that which is higher, I don't actually have it in front of me.

CHAIRPERSON DROMM: 74, 74,000…

LEO GOLDBERG: 74,000 and for the non-seniors I think we could do the same. It… there's plenty of folks who need help in that income range and like I said the revenues all coming to the city so…

CHAIRPERSON DROMM: Okay, thank you, next please.

ODA FRIEDHEIM: Alright, good morning. My name is Oda Friedheim, yes you did mangle my name. And I, I'm speaking today on behalf of the Legal Aid Society. We have been involved in the foreclosure prevention since actually 2000 and in the last many years we have particularly dealt with many senior homeowners that actually had incredible burdens in terms of property taxes and also water and sewage charges so we are very familiar with some of these issues and therefore we really welcome and commend the City Council for taking this important step to create a program that would be both flexible and income based. We think that is a very, very significant step and would certainly assist many homeowners and we certainly appreciate the Department of Finance recognition of the problem which has not always been the case and we really see this as, you know a significant step in the right direction. Now based on our experience with especially senior homeowners but just low-income homeowners including low income condo owners. We practice in the Bronx and we represent many people for example in the Parkchester Condominiums as well as others so based on our experience, we do have concerns similar to basically what Leo Goldberg already articulated which is that some of the requirements would be both burdensome and possibly exclude exactly those homeowners that need it the most. I would say as Leo already mentioned, you know if, if a homeowner sees the word title report I think they're going to run in the opposite direction because the… really title report that is a very legal abstract concept, that's not something that your typical homeowner would actually understand to even… I think the city… if, if in fact the title report is necessary then that's something that the city should automatically take on. Its not even clear to us why it's so important, it became clear during I believe the testimony of the Commissioner that its to basically get to an equity amount rather than… you know we're not clear where the lien would actually be placed, would be after existing mortgages or… that's not very clear from the legislation. In any event I think title report if indeed necessary should be done by the city automatically and… as, as part of the application process. Ditto for appraisals for condos and then I also want to address the issue which is another requirement that… and, and Leo touched on that, that all homeowners… all property owners sign onto the application, that is probably one of the thorniest issues and we don't have ready answers to that. We understand the, the idea behind it but there's got to be a more flexible approach, I mean what we, we see many variations its not just complicated family relations, there are issues of domestic violence, you know where… you know the, the perpetrator of the violence is obviously not going to cooperate in fact cannot corporate so… in addition as part of past predatory practices there were many instances where unfortunately brokers pushed people into recording cosigners who never had an intention to live there to get on the deed and also, you know take on the note and mortgage so, there's many variations on this theme but there's, there's got… that's going to be a big, big hurdle and that's going to be definitely addressed and you know we, we would be happy to, you know work with the City Council on figuring out ways to deal with that. And as Leo already said the renewal of course is, is another thing that is burdensome. I think… our experience is really grounded in the fact that the many seniors that come to our office sometimes with mortgage problems but often with tax problems. The first thing I do is I check well you are over such and such age, you're over 65 and your income is such and such, are you already getting the senior homeowner exemption SCHE, I'm telling you 90 percent are not. We then go and have to fill out the application. So, in terms of even… before we even get into this really overall good plan there's got to be, I don't know a different kind of outreach to seniors because the problem is that the events that the Department of Finance arranges the, the more vulnerable homeowners unfortunately do not find out about it, do not come to it and therefore are not often able to avail themselves of, you know SCHE similar with DRIE, the disability program. So, back to… you know what is being proposed here in terms of this… these payment plans, we were glad to hear that the Commissioner spoke about aggressive outreach but somehow it still often falls short of reaching exactly those homeowners that are most in need which are often seniors, they are often bed ridden or homebound, etcetera, etcetera and you know we would certainly like to cooperate in any shape we can to reach such homeowners but that is still an open issue. Finally, and I think Leo touched on that too, the notice requirement that… it’s not addressed in the bill but there has to be some very clear notices and they have to be obviously very easily to be understood and so on and so on. So, in short, we see some concerns based on our practice, but we still overall commend the City Council for taking this really important step. Thank you very much for allowing us to testify today.

CHAIRPERSON DROMM: Thank you very much, next please.

ARTHUR BURKLE: Good morning… good morning members of the City Council and Chair Dromm. Thank you for inviting us to testify this morning. My name is Arthur Burkle, I’m a Staff Attorney in the Foreclosure Prevention and CED Unit at Bronx Legal Services which is a program of Legal Services NYC. Like my colleague, Miss Friedheim at Legal Aid, LSNYC is the largest… or one of the largest providers of free civil legal services in the country with offices in all five boroughs. We've assisted over 12,000 homeowners since 2009 and foreclosures and discriminatory lending and abusive mortgage services actions and we have an informed perspective on the challenges that homeowners face in all aspects of the judicial foreclosure process including tax foreclosures and we're also particularly sensitive to the needs of large numbers of low and moderate income homeowners who confront a range of legal issues whom we may not be able to assist because the need outstrips the available resources and as has already been mentioned by my colleagues, we commend the efforts of the Committee and the Department of Finance to create this legislation which will help many homeowners in need. However, we also have reservations about the current wording and the design of the law of the proposed legislation which I go into detail in my paper testimony and I'd like to just go over some basic overview of those issues. As has already been mentioned, we are concerned that it… there are significant barriers to entry into the program. Again, the title search requirement is onerous for homeowners who are already behind on their property taxes. While the Department of Finance can add this cost to their debt to be repaid that sort of defeats the purpose of assisting the homeowner when you're increasing the debt which will accrue interest. Again, the requirement that all property owners sign on to the application can be difficult when some may be unavailable, some may be deceased, this current wording in the legislation does not provide for property successors and heirs that could participate if the original property owner is no longer there. Another issue is that the income limit does not account for the property's location. I echo the Chair's concern that it would be more reasonable for the income limit to be set to area median income since income can vary widely across our city. It would also make more sense to set the income level according to the number of property owners, it doesn't really make sense for one property owner to bound to 50 percent at 50,000 dollars as well as three property owners which we've seen, you know their income would be necessarily higher and they shouldn't be barred just because of that arbitrary limit. We're also concerned about the net equity requirement for… that requires that the liens not exceed 25 or 50 percent of a property's net equity.

This is also concerning for senior citizens who may have taken out a reverse mortgage, a reverse mortgage is a mortgage that takes out of the equity of the property and their expenses… the payments that the senior makes are taxes, are property taxes and insurance. If the senior is not barred from participating in this program because their reverse mortgage took out more equity that’s one of the people that this bill is intending to help who would be excluded. Another issue is generally to facilitate participation, again I echo my colleagues concerns on an annual requirement… an annual renewal requirement is very onerous especially for senior citizens. There’s also an inherent conflict between the, the net equity requirement and the strict income limit. On one hand a homeowner is limited by the income, they cannot earn more than 50,000 dollars, on the other hand if the net equity of the liens is above 50 or 25 percent they’re barred. A homeowner would be incentivized to earn more money to pay down the net equity but then they would be excluded because they earn more than 50,000 dollars. That is a conflict that we don’t see has to be there, there doesn’t have to be a net equity limit because even homes who are underwater should be able to participate in this program, that's a homeowner that is very vulnerable that is likely behind on property taxes that the city is losing money out on and will be automatically excluded because of the net equity requirement doesn't seem to serve a purpose for the DOF either. It again seems that the approach after the default is punitive in that once a homeowner has defaulted on an installment plan for whatever reason in order to cure that default they have to pay 20 percent of the liens but these liens include water and sewer charges and other liens whereas the initial program is only for tax arrears so now they're having to pay 20 percent of a potentially much larger chunk of debt that wasn't part of the original installment plan and now if they are not able to cure it then they'll be barred for five years. Here's a homeowner who has been punished because they weren't able to make an installment plan to begin with who then had to make a much larger payment and now, they will not be able… will not be eligible for five years, they will likely go through tax foreclosure. Another concern that we flagged was the, the provision allowing the Department of Finance to record installment plans with ACRIS, that should be eliminated altogether, it doesn't seem to serve a purpose for the Department of Finance or for homeowners. It's already a fact that tax property liens are in first position, they would not be subordinating the case of a tax foreclosure however filing this installment plan with ACRIS exposes the homeowner to potential harm from scammers who can search for these agreements. Property tax records are public but they're not searchable but filing these kinds of agreements on ACRIS would make them searchable to third parties. An example of how this could play out is in our testimony in which we illustrate an example. A predatory investor can learn of a recent installment plan through ACRIS, can target the apparent non-resident heirs of a distressed property and persuade them to sell their interest for next to nothing then that investor could seek a partition action which has very few defenses against a homeowner who is residing in the property, that's the kind of scheme that Liz and LSNYC has encountered multiple times especially in Brooklyn. Again, by filing the installment agreement on ACRIS the mortgage servicer can become aware of a tax arrears, choose to decide to attack certain… choose to pay the tax arrears in full and then tack that on the homeowner's bill at the next mortgage bill it… in full which defeats the purpose of the installment plan. Finally, if a homeowner is looking for an alternative of selling the property but a potential investor sees this kind of installment agreement in ACRIS that can frustrate those efforts. We also felt that the swift two year sunset provision that states that the law would take effect on January of 2019 and sunset in December of 2020 is very brief, it creates uncertainty for all parties, a more reasonable life span would be five year sunset provision so that, you know potential participants can have security that this will be around in two years. And in closing I'd like to say that there will inevitably be hiccups in the roll out of an ambitious new program like this, at the same time it should be looked at more closely and it should be modified with some of the issues that my colleagues and I have flagged. It's impossible to foresee and provide for every situation and contingency that can arise but given the Council's intention and the Department of Finance's intention in creating this program to help homeowners, these hiccups when they arise should be resolved with the homeowner’s interest in mind and not just with the city’s bottom line in mind. Thank you again for inviting us to testify this morning and we would also be excited to continue working with the committee to craft a more homeowner friendly bill.

CHAIRPERSON DROMM: Okay, thank you, next please.

RALPH YOZZO: Hello, my name is Ralph Yozzo and I’m a member of the Community Education Council in district 16 and all these things and also a computer developer programmer, all these things our, our colleagues here are saying can be solved with software, right, the title search can be done with software, everything at the… and so also the payment tax history we already created a site called tax dot title force dot org that shows the Department of Finance’s history of payment and you can compare your tax payment to your neighbors and what we see is that Queens and Staten Island are literally paying 8,000, 9,000 dollars in tax on average while Park Slope and Williamsburg are paying 3,000 dollars on class one property which makes no sense whatsoever. Why are we not solving these problems, this is what’s causing some of these issues, right, so I have data right here… or information right here about the assessment ratio, right, New York City has changed this assessment ratio which seems to be… I, I wish the Department… the Commissioner of Finance was here because I'd like to ask him how has it changed from, from 18 in… around 1980 it was 25 percent, it was lowered to 18 percent in 1985 then it was lowered to 12 percent in 1989 and in 1992 the assessment ratio was lowered to eight percent and then in 2006… or 2004 it was lowered to six percent with… if we… if we compare ourselves to Nassau County, Nassau County has lowered the assessment ratio down to .25 percent so what that would do is even out so the people in Queens would pay the appropriate amount of tax and the people in Park Slope and Williamsburg would pay more because, you know their property is more valuable and then we'd continue all these programs for seniors. Not everyone in Park Slope is a senior so we, we need to be more fair to, to our people and, and so the law if we read the law, New York State law says that… requires the tax be based on each properties market value but allows assessed values to be set at a fraction of the market value but it must be uniform. We do not have a uniform rate, right, the, the people in Park Slope, Williamsburg and probably parts of Manhattan are paying an assessment ratio of one percent while the people in Queens are paying six percent, we… and, and so I suggest that we have a community budget council that… because you, you guys need feedback from real people because I listened to the Commissioner he said oh yes, we do outreach, outreach, its exactly what our colleagues said here is that they did not reach the people. I walk on my block and we're trying to get something for… you know back yard access so I had to talk to everybody on our block, there's people 70 years old, I said do you live in this house, he says yes, I've been here my whole… all my life, I said you don't have the SCRIE or DRIE or any of these programs at all, he said really and he… I had his son and I showed him the forms, I signed up my neighbor for SCRIE, SCRIE, she didn't know anything about it, her son had all, all the things but he didn't share it with his mother that… so, the point is we need outreach not just… if we wait for the Department of Finance to do this stuff they're never going to do it, right, they don't even… you go on their site you can't even find out your tax history, right, we did it graphically where we show the rates and you can compare to your neighbors, you can see outliers, you can… I, I don't understand we need to open it up to real people, programmers, I'm willing to volunteer, I talked to the borough president in Brooklyn, I volunteered to help explain tax bills, I go to the advisory commission, I listen to the people come up and say… the poor person came up and said, my market value went down but my tax went up, why and, and nobody even answered her. Its, its because of the law the way… the way the law is written. So, I could go on forever but I'd, I'll stop just out or respect for everyone and I wish Council Person Matteo was here because he voted against the tax increase, right, he's the only one, the only voice that said this is outrageous, why are we increasing taxes on, on class one property, why, it doesn't make any sense. The… it's backwards, we set a budget and then we tax the people depending on how much we've increased the budget, right, ten percent. Well only a monopoly can do that, right, businesses can't do that, they can't just increase their budget and say look force the customers to pay so we need… we need the budget to be opposite, right, we need to look at what the revenue is and then set the budget not set the budget and then, you know set the revenue or force the, the monopoly tax payers and then we go through all these liens and things like this. It’s… I am very disappointed in the whole system, so I just want to voice that. Thank you, Commissioner, or Chairman.

CHAIRPERSON DROMM: Uh-huh, I’m not a Commissioner…

RALPH YOZZO: Yeah, Chairman, I’m sorry.

CHAIRPERSON DROMM: That’s fine, I’m… [cross-talk]

RALPH YOZZO: Thank you… [cross-talk]

CHAIRPERSON DROMM: …sure you’ve given testimony before the tax… [cross-talk]

RALPH YOZZO: Yes, twice, yes and the… [cross-talk]

CHAIRPERSON DROMM: Okay… [cross-talk]

RALPH YOZZO: …issue is that I don’t think… they’re just an advisory Commission, right so… and do you think they’re going to advise something… I’d like to know the history of this, if you… I would love to communicate with your office and find out who has control because the issue I have is whoever I talk to say it’s the other person, right, so if I talk to state people they say oh it's the Department of Finance, if I talk to the Department of Finance they say it's the state… [cross-talk]

CHAIRPERSON DROMM: I'm talking about… [cross-talk]

RALPH YOZZO: …so… [cross-talk]

CHAIRPERSON DROMM: …the property tax reform commission, right?

RALPH YOZZO: Yes, I spoke… [cross-talk]

CHAIRPERSON DROMM: Okay… [cross-talk]

RALPH YOZZO: …there… [cross-talk]

CHAIRPERSON DROMM: …okay, okay… [cross-talk]

RALPH YOZZO: …twice, right but the, the thing is this office of, of bill… taxpayer of rights that's another feedback, I wrote to them because we in Bed-Stuy bought a, a dilapidated house, right, we repaired it and we get socked with 125 percent tax increase for repairing a building that… you'd think we'd be rewarded for doing that, they're… Philadelphia has tax abatement programs that are automatic, you fix your house, they want you to fix houses. Here in New York City we punish people who fix houses unless you're a developer who gets the

421-A abatement and, and 30 year tax… so they don’t pay taxes for 30 years but we’re going to be… our taxes are increased 125 percent forever, right, it never goes down and nowhere in New York City do they account, account for depreciation. A repair and an improvement are two different things, if you have a house that’s just a shell and you fix it that’s not really an improvement that’s a repair of… you had to do that, you can’t live in a shell with an open roof and… right, so the law says improvement but there has to be a distinction between improvement and repair, right, it, it’s just common sense. Philadelphia does it, everyone… here in New York City you have to apply before you, you do this stuff and how are… everyone… no one knows this stuff, right, we don’t know. A small… a small homeowner doesn’t know that they have to apply for 421-A, I… right, so I… if you have any questions I would love to share information with the office, I write to Councilman Vallone, I write to Matteo, I write… the people that actually are voting against the tax increases but I’d love to… yeah, I’ve talked to Levin, I’ve talked to Cornegy… uh not… and maybe not Cornegy, he’s my Council Person but the… all of them, I try but I never get any response. We need software to show, we have a website, its very simple, it shows your tax history, it shows everyone's… you can compare against the Mayor, you can compare Matteo taxes and the Mayor, you can compare them, and it shows very graphically what's happening. Go on the Department of Finance's website and try to find your tax history, your payment history, it looks like an accounting worksheet… [cross-talk]

CHAIRPERSON DROMM: Uh-huh… [cross-talk]

RALPH YOZZO: …it, it's got a… you know the… it, it, it… its' almost impossible, we do it graphically and we give the date… the information and so you can put it into a spreadsheet, you can look at your neighbor… you can… all, all that stuff, you know so I would love to help because we need a, a… what's it called, a hackathon about… because if you go to the Departments website, Department of Finance website the assessment row is hidden deep into the website and its hidden inside an access database which you have to… no one even uses Microsoft access anymore, you have to extract it out and I took that whole thing and put it into a real database and made it accessible to everyone and nobody cares, it's sad.

CHAIRPERSON DROMM: Yeah, anyway thank you very much… [cross-talk]

RALPH YOZZO: Thank you… [cross-talk]

CHAIRPERSON DROMM: …for coming in and I appreciate your testimony, you are doing something by being here today and giving testimony so… [cross-talk]

RALPH YOZZO: Thank you… [cross-talk]

CHAIRPERSON DROMM: …thank you very much… [cross-talk]

RALPH YOZZO: Thank you… [cross-talk]

CHAIRPERSON DROMM: Thank you to this panel… [cross-talk]

ODA FRIEDHEIM: Thank you… [cross-talk]

CHAIRPERSON DROMM: Thank you. Okay, we were joined by Council Member Cumbo and Council Member Gibson as well and I believe with that this meeting is adjourned at 12:24 in the afternoon. Thank you. Oh, excuse me, 11:24 yes, the clock up there is wrong.

[gavel]

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 December 5, 2018