

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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June 10, 2020
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B E F O R E: DANIEL DROMM
Chairperson

VANESSA GIBSON
ACTING CHAIR

COUNCIL MEMBERS: Adrienne E. Adams
Alicka Ampry-Samuel
Diana Ayala
Robert E. Cornegy, Jr.
Laurie A. Cumbo
Mark Gjonaj
Barry S. Grodenchik
Karen Koslowitz
Rory I. Lancman
Farah N. Louis
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)

Ryan Murray, First Deputy Director, Mayor's Office
of Contract Services

Jeffrey Shear, Deputy Commissioner, Department of
Finance

George Sweeting, Deputy Director, New York City
Independent Budget Office

Jonathan Rosenberg, Director of Budget Review
New York City Independent Budget Office

Christie Peale, CEO & Executive Director, Center
for New York City Neighborhoods

Vijay Dandapani, President & COO, Hotel Association
of New York City, HANYC

Mark Miller, Small Property Owner, Lower Manhattan

Tim Laughlin, President, Lower East Side
Partnership

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2 CHAIRPERSON DROMM: All sergeants
3 assigned to recording, would you please stop the
4 recordings. Keith, wait on the cloud until the
5 recordings start. 10/4. Thank you. PC recording just
6 started. Thank you.

7 CHAIRPERSON DROMM: Keith, you can go
8 ahead.

9 KEITH: Okay.

10 CHAIRPERSON DROMM: Sergeant Hannan is to
11 wait on my call for the open.

12 SERGEANT HANNAH: Okay.

13 CHAIRPERSON DROMM: Thank you.

14 SERGEANT HANNAH: You're welcome. (pause)

15 CHAIRPERSON DROMM: Sergeant Hannah.

16 SERGEANT HANNAH: Ready? Okay, good
17 morning everyone, and welcome to today's Remote New
18 York City Council hearing of the Committee on
19 Finance. At this time would all panelists please
20 turn on their videos. To minimize distraction,
21 please place electronic devices on vibrate or silent
22 mode. If you wish to submit testimony, you may do so
23 at testimony@coucil.nyc.gov. Again, [testimony@coucil.](mailto:testimony@coucil.nyc.gov)
24 [nyc.gov](mailto:testimony@coucil.nyc.gov). Thank you for your cooperation. We are
25 ready to begin. (pause) (gavel)

2 CHAIRPERSON GIBSON: Good morning ladies
3 and gentlemen, and welcome to this morning's meeting
4 of the Committee on Finance. I am Council Member
5 Vanessa Gibson of the 16th District in the Bronx, and
6 I am filling in for our Finance Chair, Chair Danny
7 Dromm, who unfortunately was unable to chair this
8 morning's hearing because of an unavoidable conflict.
9 I want to recognize the members of the Committee on
10 Finance and my colleagues who have joined us for this
11 morning's hearing. We have Council Member Alicka
12 Ampry-Samuel, Council Member Barry Grodenchik,
13 Council Member Sarah Louis, Council Member Helen
14 Rosenthal, Council Member Keith Powers, Council
15 Member Margaret Chin, Minority Leader Steve Matteo,
16 Public Advocate Jumaane Williams, and I know we may
17 have other members that have joined us as well,
18 Council Member Francisco Moya, and we will have other
19 members joining us throughout the morning, and we've
20 also been joined by Public Advocate Jumaane Williams.
21 I'm going to turn this hearing over to our Committee
22 Counsel to go over some procedural items for this
23 morning's hearing.

24 COMMITTEE COUNSEL BRICK: Thank you. My
25 name is Noah Brick and I am Counsel to New York City

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2 Council's Committee on finance. Before we begin, I
3 want to remind everyone that you will be on mute
4 until you are recognized to speak, at which time you
5 will be unmuted by the Zoom host. If you mute
6 yourself after you've been unmuted, you will need to
7 be unmuted again by the host. If Council Members
8 would like to ask a question, please use the Zoom
9 Raise Hand function, and you will be added to the
10 queue. I will now hand it back to Council Member
11 Gibson.

12 CHAIRPERSON GIBSON: Thank you. Today,
13 the Committee on Finance will hear three pieces of
14 legislation related to the COVID-19 Pandemic, and as
15 I begin, I want to always express our condolences on
16 behalf of the City Council to all New Yorkers who
17 have been affected by COVID-19, those who may have
18 lost a loved one, a family member or a friend and
19 those who continue to be on the path to recovery and
20 healing. We continue to keep you and your families in
21 our thoughts and prayers. The first legislation is
22 Intro 1952 sponsored by myself and Council Member
23 Mary Treyger, which will require the administration
24 to create an on-line database to track the
25 expenditure of funds in connection with the COVID-19

2 Pandemic. The second and third bills on our agenda
3 today are Preconsidered Introductions sponsored by
4 Council Member Margaret Chin and the Public Advocate
5 Jumaane Williams respectively, which would create
6 targeted property tax deferral programs for property
7 owners who were financially impacted by COVID-19.
8 This pandemic began tearing through our city in the
9 beginning of March, and we immediately began spending
10 money and investing resources to help directly
11 respond and contain the spread of the virus. As the
12 weeks and the months went on and it became extremely
13 clear that other aspects of our daily lives could not
14 continue as normal spending to items impacted by
15 COVID beyond just the healthcare needs of New Yorkers
16 such as funding to address food insecurity, and funds
17 to move the entire educational system to a remote
18 learning model. Some of this spending will be
19 reimbursed by the federal government through FEMA.
20 Through the various stimulus bills that have been
21 passed by Congress, the city can access \$1.9 billion
22 in FEMA funding for work that is related to
23 combatting the virus as well as overtime
24 reimbursement for uniformed agencies. Through the
25 CARES Act there is another \$1.4 billion in federal

2 funds and there was a \$942 million increase in
3 Medicaid reimbursement. In the past when other
4 largescale unexpected events have occurred in our
5 city that have resulted in large overflows and in
6 clusters of federal state dollars, the city has sped
7 up funding trackers to provide transparency and
8 accountability for how these funds are being spent.
9 For example, in 2009 when New York City received
10 stimulus funding following the Great Recession, the
11 Mayor's Office of Operations created a database
12 within six weeks to help track the funds appropriated
13 to and used by our city. Similarly, pursuant to a
14 local law passed in 2013 after Super Storm Sandy, the
15 Mayor's Office of Management and Budget created a
16 Sandy Tracker that both tracked how the funds were
17 being spent, but also who was receiving city
18 contracts, and how many jobs were being created as a
19 result. Intro 1952 would do the same thing for COVID-
20 19 spending. It would require the tracking of agency
21 level spending, the source of the funding, and the
22 recipients of awarded contracts. Although I wish, I
23 really wish that the Office of Management and Budget
24 were here to testify today as they have the
25 experience and understanding and knowledge. Since

2 most of our questions are honestly focused on
3 spending and funding, I look forward to working with
4 the Administration and the Mayor's Office of Contract
5 Services to ensure that a robust user-friendly and
6 informative tracking database can be set up quickly
7 so everyone can see how COVID-19 dollars are being
8 spent. I will quickly turn to the two other bills on
9 today's agenda, the two property tax deferral bills.
10 We know that there are many property owners in the
11 city who are struggling as a result of the financial
12 impact of COVID on businesses and employment. These
13 owners through no fault of their own may have
14 difficulty making their July 1st property tax
15 payment. Therefore, the Council is putting forward
16 two bills, which would provide targeted relief to
17 those who need it while balancing our fiduciary
18 responsibilities to the city and understanding the
19 vital role that property taxes play in funding the
20 city's budget. The first Preconsidered Intro is by
21 Public Advocate Jumaane Williams, which you will hear
22 from, and the second Preconsidered Intro is sponsored
23 by Council Member Margaret Chin, who you will also
24 hear from. It is my hope that collectively as a city
25 we can all step up to do our part and play our role

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2 in this work together so that we can afford to offer
3 targeted assistance and relief to those who need it
4 the most, and with that, I will now turn today's
5 hearing over to our Public Advocate Jumaane Williams
6 followed by Council Member Margaret Chin to speak
7 more in-depth about their bills. (pause)

8 PUBLIC ADVOCATE WILLIAMS: Thank you very
9 much--

10 CHAIRPERSON GIBSON: We're back for...

11 PUBLIC ADVOCATE WILLIAMS: Chair Gibson.

12 My name is Jumaane Williams. I'm the Public Advocate
13 for the City of New York. Again, I want to thank the
14 Chair and the members of the Committee on Finance for
15 holding today's hearing focusing on the impact of
16 COVID-19 on property owners and the city's
17 expenditures. Today, the committee will hear bills
18 to address property tax liability and monitor the
19 city's use of funds in relation to Corona Virus
20 Pandemic. I support all of my colleagues' efforts,
21 and I thank them for supporting these including my
22 bill, and I want to allow myself with the Chair's
23 comments on just remembering all of the people that
24 we have lost and going through so much right now and,
25 of course, we-we are focusing on the fact that

2 certain communities are disproportionately affected,
3 but I do want to lift up all communities in every
4 socio-economic class that are dealing with loss and
5 dealing with just a lot. We want to make sure lift
6 up everybody's voice and stories. This week the city
7 entered phase one of reopening, allowing us to get a
8 start on stabilizing our local economy, but our
9 economy does not only depend on our business
10 operating. It also depends on the financial stability
11 of our city's residential property taxpayers. As we
12 all know, the Coronavirus has hindered the ability of
13 New Yorkers to meet their tax obligations over the
14 past three months, and this issue will likely remain
15 for many more to come. The city must act in ways to
16 ease this burden while balancing the budget. As
17 property tax payments are the biggest revenue source
18 that funds public goods and services, my bill
19 Preconsidered Intro 6276 would defer the property tax
20 liability on properties with an assessed value
21 \$250,000 or less owned by certain property owners
22 impacted by COVID-19. I want to make clear that the
23 \$250,000 property value that's is required for
24 eligibility is the assessed value not the market
25 value, which is typically significantly higher for

2 residential properties. Our bill creates the deferral
3 of community maintenance. When the city's Department
4 of Finance and owners of residential property with an
5 assessed value of up \$250,000, we have a combined
6 income of \$200,000 or less. This will be deferred to
7 large property tax payment until October without
8 interest or penalty unless payment is not made by
9 October 15th. Cooperatives must demonstrate that at
10 least 20% of the dwelling units meet the deferral of
11 agreement programs criteria. Individuals who may
12 still struggle to pay their property tax liability by
13 October 15th can apply for the city's City's Property
14 Tax A Program, which allows the payments to be made
15 in installments. Preconsidered Intro 6276 raises the
16 combined income eligibility of these installment
17 agreements from \$58,300 to \$200,000. For purposes of
18 extenuating circumstances due to COVID-19, this bill
19 will provide a significant tax relief for property
20 owners and would apply to 99% of Class 1 homes; 9% of
21 co-op units and 87% of condos. The applicant must
22 meet the following additional criteria: They must be
23 a property owner with said property being their
24 primary residence, have claimed federal or state
25 unemployment benefits for two weeks or more between

2 Mach 7th and June 30th of this year—of this year or
3 worked fewer than three days earning less than \$504;
4 been affected by COVID-19 including, but not limited
5 to being personally diagnosed or a member of the
6 household was diagnosed with COVID-19; having to
7 provide care for a family member or a member of their
8 household who was, who was diagnosed with having the
9 virus; becoming unemployed or partially unemployed
10 because of COVID-19 or a state disaster emergency, or
11 being unable to reach their place of employment due
12 to the quarantine being in effect. If a person's
13 application is denied by the City's Department of
14 Finance, they must pay all real property taxes
15 otherwise due on July 1st withing 15 days of being
16 notified. Preconsidered Intro 6276 provides the
17 Department of Finance to promulgate rules to allow
18 for exceptions to these requirements. My bill is not
19 for the owners or property owners to make themselves
20 aware of this this default (sic) agreement. Instead,
21 it requires the Department of Finance to conduct
22 outreach for advertising its availability. This bill
23 requires the department to issue a report on deferral
24 agreements, which will be published on the agency's
25 website no later than November 1st of this year. I'd

2 also like to take this moment to remind my colleagues
3 in Administration that renters like property owners
4 are struggling right now. The recent moratorium that
5 is coming in place is not easing the financial
6 burdens of tenants. Renters cannot be evicted, but
7 they are still responsible for making payments and
8 could possibly be evicted when the moratorium is
9 over? The most impactful thing we can do to ease the
10 stress of making payments at a time when more than
11 90–930,000 New Yorkers have filed for state
12 unemployment, and a large number of other jobless New
13 Yorkers are still waiting to be approved for
14 unemployment benefits is to provide them with real
15 rental assistance, and I call on the government, as
16 I've done for many recent now to cancel rent of
17 (inaudible). In order to force elected officials to
18 adequately help New Yorkers during the pandemic, they
19 must provide them with the resources and assistance
20 that will alleviate their financial worries, and
21 safeguard their ability to continue living in their
22 homes. I'd like to thank Noah Brick and Rebecca from
23 the Council's Finance Committee for their work on
24 this bill as well as my Legislative team Casey
25 Addison, Director of Legislation, our Legislative

2 Associates Anika Michelle and Brandan Jordan. Anika
3 here is the feedback of how Preconsidered 6276 can be
4 strengthened. I call on the Council and the
5 Administration to solidify the commitment to
6 financial stability New Yorkers by supporting this
7 bill. I really think this bill and the work that
8 we're doing finds the right balance, and keeping in
9 mind that we have to have property taxes to do all of
10 the good work that many of us are speaking about, and
11 many of New Yorkers are talking about, but it does
12 strike the balance of having to do that, but not
13 putting the burden on people who simply don't have
14 the ability to pay it because of what happened. So,
15 thank you for all of this time, and I look forward to
16 hearing the testimony from the Administration.

17 CHAIRPERSON GIBSON: Thank you so much,
18 Public Advocate Williams. I'd also like to
19 acknowledge the presence of Council Member Helen
20 Rosenthal, Council Member Rory Lancman, Council
21 Member Mark Treyger, Council Member Kalman Yeger, and
22 Council Member Diana Ayala. Next, we will hear from
23 Council Member Margaret Chin followed by Council
24 Member Mark Treyger for opening statements.

2 COUNCIL MEMBER CHIN: Thank you, thank
3 you Chair Gibson. Good morning everyone. It is not
4 an exaggeration to say that this pandemic had hit
5 every part of our lives in every corner of our city.
6 Right here in Chinatown and the Lower East Side
7 tenants lost their livelihood and businesses were
8 shuttered. One outcome we have to talk about more is
9 how small property owners have also been impacted. I
10 represent a historic district with legacy tenement
11 buildings and thousands of long-time rent regulated
12 tenants who call them home. Many of them are low-
13 income immigrant seniors who pay as little as \$50 in
14 rent. Many of these buildings are owned by small
15 family property owners who have already been
16 struggling to keep up with the high operating
17 expenses, and property taxes for years. In Chinatown,
18 they are owned by generation owned family
19 associations. These owners are not interested in
20 selling their buildings to larger firms and can play
21 a critical partnership role in the city's larger
22 effort to preserve deeply affordable housing, but
23 they need city intervention. They haven't gotten any
24 so far. Many mom and pop landlords where tenants have
25 been impacted by the Coronavirus are terrified of

2 making the July 1st property tax deadline. We have
3 to give them some breathing room. My bill will
4 create a property tax deferral plan that allows
5 certain property owners with COVID impacted tenants
6 more time to pay back their July 1st bill with a
7 dramatically reduced interest rate penalty. While we
8 need to continue the work to secure more
9 comprehensive relief, this is a welcoming start to
10 make sure that this constituency is included, not
11 neglected in our city's recovery plan. I look forward
12 to the Administration's support on this bill, and
13 hearing feedback on ways we can make this bill to
14 help those small property owners hurting the most. I
15 want to thank our Speaker for his support, and
16 Finance staff for working on this legislation. Thank
17 you?

18 CHAIRPERSON GIBSON: Thank you, Council
19 Member Chin, and now I'd like to recognize my co-
20 sponsor on Intro 1952, Council Member Mark Treyger
21 for an opening.

22 COUNCIL MEMBER TREYGER: I want to thank
23 Chair Gibson for her leadership and for getting, you
24 know, really understanding it and all my colleagues.
25 I want to say that, um, there is precedent for having

2 this pack of legislation. We went through this during
3 Super Storm Sandy when some of the hardest hit
4 communities needed to see this level of transparency
5 and accountability to ensure the hardest hit areas
6 were receiving the resources because thus far during
7 this pandemic, you know, a lot of folks talk about
8 areas like Coney Island as if it's just the beach and
9 boardwalk. It has the fifth highest death rate in the
10 entire city of New York. We've lost of 185 souls, um,
11 and thus far the decision making from this
12 Administration does not seem to catch the magnitude
13 of that situation. We have to fight like hell to get
14 even a testing site. We have to fifth like hell to
15 get free mass distributions. We have to fifth like
16 hell to get basic resources. So, we need to step up
17 accountability and transparency to make sure that
18 decisions, resources reach the hardest hit areas of
19 the city like in Coney, like in parts of the Bronx,
20 Central Brooklyn and other areas that have been so
21 hard hit, and so I am proud to work with Chair
22 Vanessa Gibson who has been a champion on this issue
23 from day one, and will work very hard to advance this
24 legislation to ensure that those hardest hit
25 communities get the resources they need, and to

2 monitor this recovery that will be, that will be
3 continuing for the foreseeable future, and I thank my
4 colleagues for their time, and I look forward to
5 hearing testimony today. Thank you so much, Chair.

6 CHAIRPERSON GIBSON: Thank you so much
7 Council Member Treyger, and now I will call on the
8 members of the Administration to testify. We will
9 hear from Ryan Murray, our First Deputy Director at
10 the Mayor's Office of Contract Services as well as
11 Jeffrey Shear, our Deputy Commissioner at the
12 Department of Finance. (bell). Will the Committee
13 Counsel please administer the affirmation?

14 LEGAL COUNSEL: Thank you. I will now
15 administer the affirmation one time, and you will be
16 called upon individually to so affirm. Do you affirm
17 that your testimony will be truthful to the best of
18 your knowledge, information and belief? Mr. Murray.

19 DEPUTY DIRECTOR MURRAY: I do.

20 LEGAL COUNSEL: And Mr. Shear.

21 DEPUTY COMMISSIONER SHEAR: I do.

22 LEGAL COUNSEL: Thank you both. Mr.
23 Murray, you may begin your testimony when ready
24 followed by Mr. Shear.

2 DEPUTY DIRECTOR MURRAY: Thank you. Good
3 morning, Chair Gibson and members of the Committee on
4 Finance and good morning to the full Council. My
5 name is Ryan Murray. I serve as the First Deputy
6 Director of the Mayor's Office of Contract Services
7 or MOCS. Thank you for providing me this opportunity
8 to express our work in the (inaudible) and in the
9 traveling around with our authority and asking all
10 lives to respond to this pandemic acquiring critical
11 goods to frontline workers or to establish and
12 enhance all available services for New Yorkers. We
13 balance speed with risk and we continue with both
14 practices in our response to (inaudible) Now, as we
15 shift to recovery phase and efforts continue to
16 establish strategic stop policy fines then it can
17 draw (distorted audio) but procurements mustn't state
18 that they sought for this bill. It's already
19 available online. We chance with UNC. (sic) Checkbook
20 NYC an open data portal managed by the Office of the
21 Comptroller allows notice for the public to easily
22 search the full list of emergency contacts by
23 clicking into the contact section of the portal and
24 entering COVID-19 into the contact purpose search
25 box. Agencies were instructed to use the standard AV

2 (sic) convention to ensure that their procurements
3 could easily be tracked. Each emergency contact with
4 the COVID-19 relief is still registered and submitted
5 to the Comptroller's Office what is made available
6 for public assess through Checkbook NYC. As of
7 yesterday, a search with UO Contracts (sic) launched
8 one of this year including 10 contracts have been
9 registered in COVID-19 in measures totaling nearly
10 1.7 billion sending. The search shift produced
11 results that include contact amounts, contacting
12 agencies, timelines, venders (inaudible) with COVID.
13 But not getting up. Still, we know we can always do
14 more to support transparency. We recognize the value
15 of centralizing all emergency (sic) spending in a
16 single portal to tell the comprehensive story and
17 worker accountability. In the wake of Hurricane
18 Sandy and the implementation of the American Recovery
19 and Reinvestment Act, the soon established portals,
20 which enabled the various stakeholders to understand
21 the funding allocations through their sources, and
22 find how to tap a local level. These efforts build
23 confidence in recovery efforts and enhance the
24 public's (inaudible) while tax year dollars in the
25 bank. We agree with these goals and support efforts

2 to provide similar holistic transparency to the COVID
3 Mass Emergency Response and Economy. Having said
4 that, MOCS and our partners in the Administration
5 will further discuss and finalize some details around
6 implementation. While the information on vendor
7 performance, for example, would be of help to the
8 current vendors with qualifications of a recipient of
9 a grant of a purpose may not readily be struck here
10 for simply the America's dream. We find these
11 availables and sources o gracious interest and be a
12 critical step to publicly share the most helpful
13 additional information. We look forward to
14 continuing this conversation with the Council and
15 strengthening the public's confidence in our overall
16 operations.

17 CHAIRPERSON GIBSON: Thank you very much.

18 (pause)

19 LEGAL COUNSEL: Mr. Shear and Number 2.

20 DEPUTY COMMISSIONER SHEAR: Good morning,
21 Chair Gibson, Public Advocate Williams, and members
22 of the Committee on Finance. My name is Jeffrey
23 Shear. I am Deputy Commissioner for Security and
24 Payment Services for the New York City Department of
25 Finance. I also served last month as Finance

2 Commissioner and City Hall's representative on and
3 Secretary the New York City Banking Commission. I am
4 here today to testify on two Council bills that
5 address what interest rate the city should charge the
6 property owners who make yearly payments on their New
7 York City property taxes in Tax Year 2021. Property
8 taxes are the city's biggest single source of revenue
9 accounting for \$30 billion or nearly half of the
10 city's total tax revenues. Without this revenue the
11 city would be not be able to pay its employees and
12 its vendors that provide crucial, vital services to
13 New Yorkers. This includes the provision of critical
14 goods and services needed as a result of the COVID-19
15 Pandemic such as personal protective equipment,
16 medical testing equipment, ventilators, and the
17 distribution of well over one million meals each day
18 to make sure that no one goes hungry. Every year the
19 New York City Banking Commission is required by law
20 to make recommendations to the Council for the
21 interest rates to be charged the property owners who
22 do not pay property taxes when they are due. One
23 recommendation relates the properties with an
24 assessed value of \$250,000 or less, which DOF bills
25 quarterly. The other recommendation related to more

2 highly valued properties with an assessed value of
3 over \$250,000. These properties are billed semi-
4 annually by DOF. The New York City Banking Commission
5 considers the following when making its
6 recommendations on the city's interest rates charged
7 by other large municipalities across the city,
8 interest rates charged for real estate secured
9 consumer loans and the general interest rate
10 environments this year and evaluating the integral
11 properties with an assessed value of \$250,000 or
12 less, the Banking Commission placed particular
13 emphasis on the fact that the federal funds interest
14 rate had declined over two points over the past year
15 largely in response to the challenge presented by the
16 COVID-19 Pandemic. Based on that decline, the
17 Banking Commission recommended that the late payment
18 interest rate be reduced from the FY20 rate of 7% to
19 5% from most of Fiscal Year 21. The 5% rate is
20 significantly lower than the rate charged in other
21 cities as the percent rate charged by Washington, DC.
22 However, recognizing the sever short-term impact of
23 the pandemic, the Banking Commission went beyond this
24 recommendation in two important ways. First, it
25 recommended that the interest rates for late payments

2 for the first three months of Fiscal Year 21 be
3 reduced to 3.25%. This is the lowest rate that the
4 Banking Commission is permitted to recommend by law.
5 Second, it encouraged both the Administration and the
6 Council to work together on the Local Law so that the
7 city's most vulnerable property owners adversely
8 affected by COVID-19 would not have to pay any
9 interest for late payments in the first quarter of
10 Fiscal Year 21. The Preconsidered bill introduced by
11 Public Advocate Williams would expand the population
12 of property owners eligible for the zero percent
13 interest rate. In particular, it raises the income
14 threshold to \$200,000 and it includes cooperatives if
15 20% or more of the shareholders are affected by
16 COVID. The Administration has qualified support for
17 this bill. We are open to raising the income
18 threshold, but we are concerned about expanding the
19 program too much. The Administration must not only
20 look at the fiscal impact of losing interest income,
21 but also at the impact of any program on the city's
22 cashflow. As of Monday, June 8th, the city's cash
23 reserve balances were \$5.5 billion, but due to the
24 normal fiscal ebbs and flows, as well as the impact
25 of the COVID recession on the city's economy, our

2 cash balance for the end of the fiscal year on June
3 30th is projected to be \$2.1 billion lower than last
4 June. If many property owners were to take advantage
5 of the program by not remitting their property taxes
6 by the interest-free due date of July 1st, the city's
7 cash position late in Fiscal Year 21 could become
8 extremely stressed. We support instead basing
9 criteria for hardship on DOF's existing Property Tax
10 and Interest Deferral Program, the PTA Program that
11 authorizes payment plans for property owners with
12 incomes under \$58,399 who are facing extenuating
13 circumstances. These plans limit the percentage of
14 income that an affected property owner must pay to
15 between 2% and 8% of the property owner's income and
16 allow property taxes not addressed by these payments
17 to be deferred. The deferred taxes continue to
18 accrue interest. Property owners who reside at their
19 properties with income below \$58,399 could get zero
20 percent interest effectively a 90-day grace period if
21 a household member became seriously ill or passed
22 away as a result of COVID-19 or if the household
23 suffered the loss of income as a result of COVID-19.
24 We are more concerned regarding the Preconsidered
25 bill for properties with an assessed value of over

2 \$250,000. The properties in this category account
3 for about 70% of the \$30 billion in property tax
4 revenue. For more than two decades, properties in
5 this category pay 18% interest on late property tax
6 payments due to the city's heavy reliance on this
7 revenue. The Banking Commission's recommendation is
8 to continue this rate for Fiscal Year 21. The Council
9 bill reduces the interest rate to 7.5% instead of
10 eliminating interest, and it does require effective
11 property owners to pay one quarter of the taxes due
12 by October 1st and the remainder by May 1st. 2021.
13 However, the bill would allow any commercial owner or
14 landlord to receive the benefit if it experienced any
15 drop of income between March 1st and June 30th due to
16 COVID-19. The vast majority of businesses would
17 qualify regardless of the size of the property and
18 the amount of taxes due. Even if a fraction of that
19 was due and all businesses opted into this program,
20 the city's position would likely be severely
21 affected. DOF and the administration are willing to
22 work with the Council on defining a reduced
23 population of small businesses being potentially
24 eligible for this benefit. Until that is done, we
25 cannot support this bill.

2 CHAIRPERSON GIBSON: Thank you so much.
3 Thank you to the Mayor's Office of Contract Services
4 and the Department of Finance for providing testimony
5 on today's agenda and our three bills. I would also
6 like to announce the presence of Council Member
7 Adrienne Adams and Council Member Robert Cornegy.
8 Thank you again, gentlemen. I want to begin by
9 asking a few questions related to the city's
10 management of tracking COVID spending. Um, which
11 office or agency does the Administration anticipate
12 will create a name change, the Tracker, are
13 contemplated by our Intro 1952?

14 DEPUTY DIRECTOR MURRAY: Thank you for
15 the question, Chair. So, we're not there yet in terms
16 of being able to tell you who is going to manage it.
17 It's simply that there is a conversation around NOI,
18 but we can imagine who the contributors are, right.
19 So, um, using the data that's already established
20 with Checkbook NYC, we make sure that us in in the
21 OMB are tracking all of the procurements and studying
22 it appropriately. You...you may bill like a way that's
23 fast interest to make sure that loans and events are
24 also tracked so there is some effort there for SBS to
25 continue, but we'll going to come back to you on who

2 exactly will be the ones managing this. I know you're
3 all equipped and want to see a title line to get this
4 up and running. So, we heard you loud and clear. We
5 will make sure we establish that in short one.

6 CHAIRPERSON GIBSON: Okay. Can you tell
7 me and my colleagues and I who did the Sandy Tracker
8 and 2009 Federal Stimulus Tracker?

9 DEPUTY DIRECTOR MURRAY: Sure. I believe
10 the folks behind that are—the combination is
11 continuing, our folks in operations collaborated
12 honestly with folks at DOITT I believe are analysts,
13 people who have handled that before, but that may not
14 be, you know, the exact folks that would manage this
15 moving forward, but we have them the model. We know
16 the inputs and we would want to spend some time with
17 you also making sure we have the right data.

18 CHAIRPERSON GIBSON: Okay, so you say the
19 Mayor's Office of Operations and DOITT were involved
20 in the Sandy Tracker?

21 DEPUTY DIRECTOR MURRAY: Um, yeah. No
22 mention if that was previously involved, folks that
23 that did it...Alex was involved. Not that they are
24 licensed to. They are just here so we're not, I'm
25 not in a position today to say that those are the

2 exact folks that were managing for the
3 Administration. It's always reorganizing itself to
4 make sure that we meet our goals and timelines. Your
5 interests as we understand it is to do this quickly
6 so not spending, you know, an inordinate amount of
7 time thinking about who should manage it, but make
8 some decisions quickly and get it up and running. So,
9 um, we...we work up here to make sure we get in those
10 programs in short order, and I see the bill also
11 includes a recommendation that to have that happen
12 with 90 days. So, we will make sure that that that
13 happens.

14 CHAIRPERSON GIBSON: Okay. do you know
15 what roles MOCS and both OMB play in monitoring
16 COVID-19 spending for our city agencies and logging
17 data in the FSM system or an old software system?

18 DEPUTY DIRECTOR MURRAY: Sure. So, each
19 agency, as you know, is responsible for their direct
20 determinative (sic) spending. What MOCS and OMB
21 cooperated to do is taking on other--some federally
22 retraining agencies and how to account for this
23 appropriately so that we can maximize the
24 reimbursements that was OMB's stock. We at MOCS were
25 also responsible for making sure that agencies

2 understood how to justify their procurements so the
3 litmus test for all of us is: If not for the COVID,
4 would you be spending this money? That's the bottom
5 line. In terms of tracking COVID, obviously this
6 stuff goes at MOCS, the City's Financial Management
7 System. We ask agencies to ensure that their budget
8 codes, CV for example, um, that are—that was coded
9 for each of these things in the line items and thus,
10 when it got to a point of reviewing that—that from
11 us, the Comptroller's Office and OMB, it made sure
12 that those things were totally appropriately seeing
13 the right budget lines so that those would show up in
14 Checkbook. So, Checkbook is a public display site
15 where folks, as I mentioned, my testimony can go
16 today, and—and—and, you know, run a search for
17 contracts for example and other expenses, but on on-
18 site we're talking about FMS and Grants 19 system
19 would also be replaced. This is—and we post it where
20 we make sure that we're tracking anything less
21 incoming. So, all of that the intent is to make sure
22 that that goes similar to Sandy, similar to the Atley
23 (sic) recovery money tool site where it's not just
24 data output, but easy to understand and track as much
25 as possible in the (inaudible)

2 CHAIRPERSON GIBSON: Okay, that was my
3 next question on categorizing, but you answered it.
4 So, as one example, our school meals that have been
5 distributed at many of the Grab-and-Go sites across
6 the city they're not tagged as Covid spending in the
7 budget currently. So, how will you be able to go back
8 when you're creating a tracker to ensure that
9 everything is included?

10 DEPUTY DIRECTOR MURRAY: Sure, so, that
11 will be part of the...the design process here, right.
12 The things that are showing up today and we want to
13 reach that, then those are set. If there are
14 particular, um, depending on how those were coded,
15 depending on how DOE and—and OMB agrees how things
16 should be established in terms of, for reimbursement,
17 from the past, we would work with...with those agencies
18 to just make sure that those things that need to be
19 recoded that that happens. I'm not as familiar with
20 that specific budget line or everybody on line with
21 me today. But that would be part of what we're
22 looking at. We would go back for example as the
23 units today coded as it should. only way they're
24 thinking reimbursement—reimbursement, recode

2 appropriately, make sure that it follows all the
3 federal guidelines for...for emerging.

4 CHAIRPERSON GIBSON: Right.

5 DEPUTY DIRECTOR MURRAY: That's the other
6 thing right? This is not just saying it's COVID. Of
7 course, it's putting our response here from it
8 doesn't meet the guidelines for those on track for
9 reimbursement and--and, therefore, that's the coding
10 we would receive. So, it would be a collaborative
11 process with OMB and the agencies. They're already
12 doing that on the front end. For example, again, I
13 don't have DOE in front of me right now, but if you
14 are seeing that it isn't showing it for some reason,
15 happy to look into that. That would be something that
16 we would take up in the design process.

17 CHAIRPERSON GIBSON: Okay. I have another
18 example. It's been a very popular conversation
19 recently. The Police Department's overtime spending.
20 Do you know if all of that is deemed eligible, and if
21 so, how is this cost for purposes of the Federal
22 Claim through OMB?

23 DEPUTY DIRECTOR MURRAY: Well, I will
24 have to get back to you on this--

25 CHAIRPERSON GIBSON: Okay.

2 DEPUTY DIRECTOR MURRAY: --this specific
3 one with OMB, but that...that kind of thing is exactly
4 whether it's OTPS or the PS side, um, we would be
5 looking--

6 CHAIRPERSON GIBSON: Okay.

7 DEPUTY DIRECTOR MURRAY: --into that.
8 Ultimate to getting back to it with that, um,
9 (inaudible)

10 CHAIRPERSON GIBSON: Okay, sounds good.
11 I have a question on the decision-making process on
12 our COVID contracts specifically around MWBEs.
13 Council Member Cornegy and many others talked about
14 how we need to incorporate our MWBEs during this
15 recovery and healing process. So, I wanted to ask,
16 DCAS has a \$1.5 billion Fiscal 2021 budget for COVID
17 related purchases on behalf of direct service
18 agencies. Meanwhile, OEM has around \$400 million,
19 which is gone largely toward our Hotel Program that
20 provides free hotels space for eligible New Yorkers
21 and frontline healthcare workers. So, my question is:
22 How did the city leverage the size to reduce the cost
23 per unit of EDE and actual hotel rooms? Would you be
24 able to answer that?

2 DEPUTY DIRECTOR MURRAY: Um, I...so I can
3 answer that, um, generally and refer that--

4 CHAIRPERSON GIBSON: Okay.

5 DEPUTY DIRECTOR MURRAY: --from testimony
6 that was provided previously by Commissioner Camilo
7 (sic) So, just to pull back here, um, as I said in my
8 testimony, and as we have discussed when--(pause)

9 CHAIRPERSON GIBSON: Wait. We lost you.

10 DEPUTY DIRECTOR MURRAY: Sorry. I think I
11 went on mute for some reason.

12 CHAIRPERSON GIBSON: We all do that,
13 okay.

14 DEPUTY DIRECTOR MURRAY: So, let me start
15 over. Um, I...I think, um, Commissioner, it was
16 previously covered at first hearing and this has been
17 a point of discussion. We in terms of procurement
18 join...join the COVID's...you know the early days and
19 through the peak of the epidemic, um, how long
20 incoming from all sorts of sources. I'm happy to
21 follow up with you on how much money has been spent
22 on MWBEs thus far and I know that the Administration
23 does have those data, but for example, um, with DCAS
24 and our team, there are a number of entities that per
25 public calls for folks to come to us if they have

2 reliable sources. So, in terms of our buying and
3 purchasing power, we--the--the first mission cost was
4 to get stuff to the front lines from any source that
5 was available and deemed capable of--of producing
6 those goods, right, whether it was face masks or
7 gloves or gowns. So, this was an added for us. This
8 was not normal times, get stuck to the front months.

9 CHAIRPERSON GIBSON: Right.

10 DEPUTY DIRECTOR MURRAY: We're in a
11 different--we're in a different phase now whereas
12 they--we're taking even more discerning than we've
13 evolved our practice to be. So, for example, we
14 already have numbers of orders. We're...I can't say
15 we're good in every category every day because that
16 changes. Right? We still haven't seen our full
17 stabilization of the supply line, but know that one
18 of the things that DCAS has done is for example and
19 other agencies is get their existing vendors, there
20 that they have contact with that have proven over the
21 last couple of months to deliver. Some of those maybe
22 being MWBEs. They are going to make sure to keep
23 tapping that to go to the 50 spot now. so, to Council
24 Member Cornegy's interest specifically in the task
25 force, um, I'm happy to get back you with the

2 specific numbers on MWBEs. There are millions of
3 dollars that have gone into MWBE contracts throughout
4 the pandemic agencies have available to them the
5 increased law purchase threshold, as you know, so
6 that there's more discretion for a specific buy-in
7 going to MWBEs. Every business that we work with
8 including MWBEs was affected their own supply chain
9 in getting things here. So, um, you know, we're
10 talking about normal times and--and, you know, we're
11 going to go to our--our--our favorite MWBE tomorrow to
12 tap them. Even in doing so, um, you know, if they
13 weren't able because their supplier line is in China
14 for example, right--

15 CHAIRPERSON GIBSON: Uh-hm.

16 DEPUTY DIRECTOR MURRAY: --and putting
17 that stuff here, we like to be in every store's
18 permission to get stuff to New Yorkers in the
19 frontlines. Now, I think you'll see there--we will be
20 doing as much as possible to continue working with
21 MWBEs, and making sure we get suffice here. So, the
22 threshold exists. It's much higher about \$2,000. At
23 present we will be using that across our bids and
24 services portfolio as we look to recovery. So, that's
25 a commitment that the Administration needs to have.

2 CHAIRPERSON GIBSON: Okay, great. So, I
3 definitely, um, on behalf of my colleagues and I we
4 definitely want to understand more about the outreach
5 efforts to MWBEs to ensure that they have further
6 access during this recovery process, and what we can
7 do as a Council to help you. I think when you look at
8 outer boroughs in particular like my borough of the
9 Bronx, and many other places, businesses have been
10 struggling for quite some time. Even the ones that
11 were open people think that they were making so much
12 money in terms of revenue and profit, but they were
13 barely surviving. There essential services, but they
14 were maintaining a staff. Sometimes they have to hire
15 more staff. So, we just want to make sure that our
16 outreach efforts are as expansive and as they
17 possibly can be as we move forward over the next
18 several weeks and months.

19 DEPUTY DIRECTOR MURRAY: Absolutely

20 CHAIRPERSON GIBSON: Okay?

21 DEPUTY DIRECTOR MURRAY: We—we're—we're
22 committed to that and we have the discretion to go
23 directly to MWBEs and we will be making sure that we
24 do that in partnership with you. Agencies are—are
25 required so let MWBEs know the types of, um, services

2 and commodities that they're purchasing from, and it
3 is our expectation that they leverage, um, the
4 purchase method. We are ramping up. We know that
5 we're in additional space so to the extent that both
6 submit proposals online that's what we're doing
7 starting right now. We're just trained agencies at
8 MOCS yesterday. I started out with (inaudible) to
9 make sure that they're able to use our procurement
10 and sources so we can whirl once we go live in the
11 next couple of weeks so that they can get, you know,
12 messaging out to MWBEs, get phone bids and proposals
13 into that portal, and we hope that that reduces the
14 barriers to entries for many MWBEs. So, happy to
15 partner with you in outreach, making sure agencies
16 are permanently involved and notice is up so they
17 know what kinds of things that are being purchased
18 and we want to make sure it's easier to do so and
19 purchase a date by MWBEs by going to Jill. (SIC)

20 CHAIRPERSON GIBSON: Okay, great. I have
21 a question on the tracking new COVID related
22 projects. Much of the need and attention with COVID
23 19 related to spending has really been focused on the
24 expense side of the city's budget. However, having
25 the COVID-19 spending has been happening as well. As

2 an example, the Hughes purchase of I-PAD so all of
3 our thousands of students to learn...to learn
4 remotely, and that also needs to be tracked as well.
5 So, I wanted to understand from your perspective are
6 we tracking those capital purchases and what would
7 that look like in the tracking system?

8 DEPUTY DIRECTOR MURRAY: Yeah, it would
9 be similar to the-the-the other, the expense side of
10 the house. I know you have a particular interest in
11 capital obviously--

12 CHAIRPERSON GIBSON: Okay. (laughs)

13 DEPUTY DIRECTOR MURRAY: --but with the
14 new thing the CV code on there and agencies as such,
15 and you should--as internet in a couple of weeks as
16 we're looking through that with agencies start to see
17 those things turn up in our trackers. So, there is--
18 similarly will be coded, will be available to you so
19 you should see that soon.

20 CHAIRPERSON GIBSON: Okay, great. when we
21 tracked Super Storm Sandy's tracking, for each of our
22 Sandy related projects the ID had the word sand, s-a-
23 n-d in the name.

24 DEPUTY DIRECTOR MURRAY: uh-hm.

2 CHAIRPERSON GIBSON: I'm wondering are we
3 going to follow suit and implement a similar naming
4 convention when creating project by use of the COVID?

5 DEPUTY DIRECTOR MURRAY: Sure. So, um,
6 we--

7 CHAIRPERSON GIBSON: Okay.

8 DEPUTY DIRECTOR MURRAY: --we--you're--
9 you're there. Yes, we will be. That is part of the
10 instructions in terms of maybe convention, and you
11 will see as we work together on the--the portal that
12 that will be so. So, there will be, um, CV as the
13 current, um, code that is being used. It's just two
14 letters for COVID.

15 CHAIRPERSON GIBSON: Okay.

16 DEPUTY DIRECTOR MURRAY: Um, but we--we'll
17 be working with you on that and--and you will see that
18 turn out similar. Yes.

19 CHAIRPERSON GIBSON: Okay, great.
20 Outside of the hospital spending on the computers for
21 DOE that I mentioned, are you aware of any other
22 thing the city has been spending on capital dollars
23 for COVID related purposes?

24 DEPUTY DIRECTOR MURRAY: I'll have to get
25 back to you on this one. Again, because OMB is making

2 sure that that folks are coding these things
3 appropriately now, we are—we will—we should be able
4 to provide you with that information and you should
5 see a turn-out. I'm not currently aware of all the
6 things that they're spending on, which I think is a
7 question, but this goes exactly to the bill the
8 you're proposing right? We want to make sure this
9 information is readily available. You know you have
10 to have me. It will be publicly accessible then. So,
11 happy to follow up and happy to make sure that that
12 makes its way into the borough.

13 CHAIRPERSON GIBSON: Okay, great. Um, as
14 you continue to go to agencies is there any
15 particular guidance or metrics that are provided to
16 agencies on how they should create COVID-19 related
17 capital projects in the city's FMS system? Are you
18 guys having those conversations at this point or--?

19 DEPUTY DIRECTOR MURRAY: Yes. So, I think
20 this all goes to the full training that agencies are—
21 and—and monitoring that OMB is putting in place. Um,
22 you know, using CV19 for example, and making sure
23 that it's actually a capital eligible expense as
24 always, as OMB's role, and again making sure that
25 these things fit with federal guidance for

2 reimbursement. So, that's been the sum total of the
3 effort in the monitoring and tracking and reporting
4 site, and again, the portal should reflect these
5 data.

6 CHAIRPERSON GIBSON: Okay, great. I'm
7 not going to turn it over to the Department of
8 Finance because they have a few questions about the
9 Property Tax Deferral Bill. So, thank you so much.

10 DEPUTY COMMISSIONER MURRAY: Yes.

11 CHAIRPERSON GIBSON: Stay tuned. My
12 colleagues have questions for you as well. I have a
13 question regarding the Banking Commission
14 recommendations. This year our Banking Commission
15 recommended a five percent late payment rate for
16 properties with assessment values of \$250,000 or less
17 with a 3.25 rate in the first quarter. So, my
18 question is can you describe the Commission's
19 rationale for these historically low recommended
20 rates?

21 DEPUTY COMMISSIONER MURRAY: Yes.

22 CHAIRPERSON GIBSON: Okay, thanks.

23 DEPUTY DIRECTOR MURRAY: So, as I
24 indicated in my testimony the Banking Commission
25 considered the city's need to encourage timely

2 payment of property taxes, interest rates charged by
3 large municipalities across the country, interest
4 rates charged for real estate secured consumer loans,
5 and in particular, the general interest rate
6 environment, and I think the heart of your question
7 is that the decline of interest rates, which had
8 dropped over 2% since the previous year, and in large
9 part was due to the response to the COVID Pandemic.
10 It's what influenced the Banking Commission to
11 recommend first the 2% decrease in the interest rate
12 from 7%, which is the current rate for properties
13 assessed by the \$250,000 to the 5%, and then went one
14 step further and looked at the impact of the pandemic
15 right now, and, um, expected to it to be in the first
16 quarter of Fiscal Year 21, and recommended the lower
17 3.25% rate, which as I indicated is the lowest rate
18 that the Banking Commission is permitted to recommend
19 by law.

20 CHAIRPERSON GIBSON: Okay, okay. I
21 understand. Um, so despite the recommended reduction
22 in the rate for quarterly property taxpayers, the
23 Commission left a recommended rate for large semi-
24 annual property taxpayers unchanged or at 18% leaving
25 many, many small business property owners and owners

2 of many rental properties without any proposed relief
3 amidst a volatile liquidity position. So, I'm
4 wondering why the Commission chose not to make any
5 recommendations for lower interest rates with respect
6 to those who are semi-annual taxpayers.

7 DEPUTY DIRECTOR MURRAY: Yes. So, the
8 Commission was looking at how dependent the city is
9 on the revenue that comes from the higher valued
10 properties, properties with an assessed value of over
11 \$250,000. Seventy percent of the \$30 million a year
12 that the city receives in property tax revenues comes
13 from this category, and the city absolutely must have
14 the vast majority of these funds in order to continue
15 to provide the services that the citizens need
16 especially during this time of COVID, and frankly the
17 city's dependence on property taxes generally and on
18 the higher value properties' payment of taxes is why
19 the interest rate has been at this level for over
20 two decades.

21 CHAIRPERSON GIBSON: Well, you said 70%.
22 Are you hearing concerns from semi-annual payers
23 about their inability to make the upcoming July 1st
24 payment?

2 DEPUTY COMMISSIONER SHEAR: We are and I
3 guess before I go any further, I want to say that we
4 very much agree with the tone and the content of your
5 opening remarks, Chair Gibson. So, we favor creating
6 targeted assistance. We are looking to balance the
7 targeted assistance against the fiduciary
8 responsibility to ensure that the city is able to
9 fund its budget.

10 CHAIRPERSON GIBSON: Well, I think that
11 many of my colleagues will acknowledge and understand
12 that, you know, these are the rate payers that we're
13 hearing from and everyone is struggling and, and so I
14 appreciate the efforts to provide relief from some
15 rate payers, but we have to take care of all the
16 others as well, and I think we all understand the
17 cashflow problem that we're having in the city.
18 That's why this budget process is going to be so
19 challenging and painful, but I think the relief has
20 to be the greatest for our, you know, property
21 taxpayers when many of them have not been given
22 relief in the past. There is no time like the present
23 and certainly I and my colleagues we really
24 understand, but I think it's something that we really
25 have to look into more in-depthly since you're

2 already acknowledging that you're hearing from many
3 of these taxpayers already about July 1st, which is
4 around the corner.

5 DEPUTY COMMISSIONER SHEAR: Yes. So, that
6 is acknowledged. We are hearing from taxpayers. We
7 have more, um, taxpayers who are contacting us
8 regarding some of our existing programs, exemption
9 programs, the TTA Program that you mentioned and I
10 do want to point out since it wasn't in my testimony
11 that we do have standard payment plans for people who
12 are unable to pay their property taxes. So, we
13 acknowledge that we are getting those inquiries, and
14 frankly, we are looking into more in-depth
15 conversation with the Council to create a program
16 that creates the same type of balancing that you
17 spoke about.

18 CHAIRPERSON GIBSON: Okay, we appreciate
19 that. We will continue to follow up with you,
20 though. The last question I have for you related to
21 this is the city's cashflow challenge. Our ability to
22 manage cashflow is a real problem. It's a real
23 realistic problem right now. If our city has access
24 to low interest rates on short-term borrowing and by
25 that I mean borrowing to manage cashflow issues not

2 long-term borrowing to balance the budget essentially
3 is this something the Administration would consider
4 utilizing to help our struggling small businesses and
5 our property owners?

6 DEPUTY COMMISSIONER SHEAR: So, I have to
7 defer to OMB on that. It's my understanding that the
8 Administration is looking at borrowing options. At
9 this time that does not appear to be an option or the
10 State and the Federal Government have not indicated
11 that those are options, and so we are having to look
12 at the budget under, um, current circumstances, but
13 again, I would defer to OMB on the particulars of
14 that. I do want to point out since you referenced
15 the, um, managing the cash balances that, um, as I
16 said earlier, the cash balances for this year at the
17 end of the fiscal year are projected to be \$2 billion
18 lower than last year, and the city has already spent
19 over \$2 billion on COVID-19 related costs and expects
20 to spend up to \$3 billion by the end of the calendar
21 year, and that these costs are supported with the
22 city's cash until we receive reimbursement from the
23 FEMA, which is a significant drain on the city's cash
24 balances, and as of today we have not received any

2 reimbursement for these critical costs to respond and
3 mitigate the pandemic.

4 CHAIRPERSON GIBSON: Okay, okay and I do
5 want to make sure I go on the record that I did
6 acknowledge and say short-term borrowing and not
7 long-term borrowing, correct? (laughs)

8 DEPUTY COMMISSIONER SHEAR: You...you most
9 certainly did do that, Chair Gibson. Okay, great.
10 Okay, I am finished with my round one of questions
11 and I will turn it over to the sponsors of the bills
12 on today's agenda and then the remainder of my
13 colleagues who have questions for both MOCS and the
14 Department of Finance. I want to acknowledge that
15 we've been joined by Council Member Robert Cornegy,
16 Council Member Adrienne Adams, Council Member,
17 Majority Laurie Cumbo, Council Member Brad Lander,
18 and Council Member Mark Gjonaj, and now I don't
19 believe the Public Advocate is no longer with us. So,
20 now I will turn to Council Member Margaret Chin for
21 questions.

22 COUNCIL MEMBER CHIN: Thank you, Chair,
23 yes. Commissioner Shear. One of the things that you
24 raised earlier about the bill was any drop of income.
25 I want to make a correction. In the bill if the drop

2 of income has to exceed the July 1st tax bill. So,
3 it's not just any drop. So, I think, you know, that
4 is something we want to make sure that we know that
5 it's simply the bill, and we also want to work with
6 the Administration on, you know, setting up a
7 threshold. What I really want to stress is that, you
8 know, there's this whole constituency that are what I
9 talked about earlier in my opening remarks are these
10 legacy buildings, tenant buildings. They're not the
11 big guys, and they have been providing affordable
12 housing in our city for decades and decades, but
13 they're not getting any relief. I mean we try doing—
14 working with Department of Finance on how—how to help
15 these people. You know their building get assessed
16 and values that's higher because of, you know,
17 gentrification, but they're not getting the income,
18 and now because the pandemic a lot of the commercial
19 tenants that are in these buildings are closed, and a
20 lot of these buildings depend on the commercial
21 tenants' rent to pay property tax. They need help,
22 and I don't think the city is really recognizing how
23 desperately that they need help. Don't lump them
24 together with the big 8 size. I mean there is big
25 commercial landlord base and the city should

2 encourage them to pay their property tax early. I
3 mean I think we did that in the '70s and so there is
4 precedent, but the thing is that what are we doing to
5 help these legacy tenants, tenement buildings who are
6 providing affordable housing in neighborhoods across
7 the city. And when you talk about programs that you
8 have, I mean what kind of outreach Department of
9 Finance is doing, um, to really reach out to these
10 owners to see how we can give them some relief, but
11 from what I'm hearing from property owners in my
12 district, they're not getting any help, and that's
13 why they're desperate because the July 1st tax bill
14 is due, and 18% late charge is a lot of money, and
15 they're lumped together with the big guy, and the
16 bill at least like lower the interest rate to show,
17 to give them some breathing room. And we're also—
18 they also have to pay part of the property tax,
19 right? So, it's not like you pay nothing. You still
20 have to pay—we're asking—part of you have to pay 25%,
21 and then you—you pay another 25% later. At least to
22 give them some breathing room, but the assessment of
23 property taxes these are long-term, you know, things
24 that need to be changed how certain property are
25 assessed. So, you know, my question to you is that

2 what's the city and Department of Finance doing to
3 help these small property owners, these legacy
4 owners, these family associations owners who don't
5 want to sell their building to a speculator, and
6 they're the ones that's providing affordable housing.

7 DEPUTY COMMISSIONER SHEAR: Yes. So,
8 Council Member Chin, the Department of Finance wants
9 to work with you and the Council on amending the bill
10 that's been introduced. We hear you. We agree that
11 there's a need to provide targeted assistance. We do
12 think there's a further conversation needed to ensure
13 that the assistance, as you say is for the struggling
14 smaller owners, and trying to differentiate that from
15 owners that may not be—may have lost income, but may
16 not be struggling, and owners that are paying, um,
17 are owning very highly valued properties, and we look
18 forward to having that conversation with you. I do
19 want to say that the Department of Finance does a
20 significant amount of outreach concerning its
21 existing programs so that is that the, um, PTA
22 Program that we've discussed earlier, our Exemption
23 Programs. We have exemption programs for, um senior
24 citizens and homeowners, for veterans, for disabled
25 homeowners and, um, if you don't feel like we are

2 doing sufficient outreach. Oh, and also, we do an
3 outreach on our standard payment plans for property
4 owners that all property owners are eligible for
5 without regards to size of property or income. So,
6 if you don't feel like we are doing enough outreach
7 in your district, then we want to be sitting down
8 with you, and discussing how we can enhance our
9 outreach.

10 COUNCIL MEMBER CHIN: Well, the main
11 thing is also how the assessment is done. I think
12 that's the biggest issue that's been raised by these
13 property owners and I mean and the way that their
14 building is being assessed. I mean you have like
15 similar buildings and similar size and—and, you know
16 because there's a renovation done next door then
17 they're assessment goes up. So, there's a lot of
18 unfairness that's been going on for years, and like
19 we need to find ways of bringing some relief. Um, and
20 then on the question that Chair Gibson raised in
21 terms of the—the short-term borrowing for the
22 cashflow, that's something new. I mean during the
23 Bloomberg Administration and de Blasio
24 Administration, it was used, um, you know by the
25 adopted budget. I mean they—so, I think that's

2 something that the Administration probably will be
3 looking at to, um, help with the cashflow. I mean we
4 understand that, you know, the property taxes is the
5 only way that the city, you know, get the money. I
6 mean, so we know how important it is, but we just
7 want some fairness, and also to recognize that, you
8 know, property owners who provide affordable housing
9 needs relief. Thank you.

10 DEPUTY COMMISSIONER SHEAR: Thank you.

11 COUNCIL MEMBER CHIN: Thank you, Chair.

12 CHAIRPERSON GIBSON: Thank you, Council
13 Member Chin, and now we'll have Council Member Mark
14 Treyger for questions. (pause)

15 SERGEANT-AT-ARMS: Council Member
16 Treyger, are you with us. I see you are muted and
17 then your camera is off. (pause)

18 CHAIRPERSON GIBSON: Okay, Council Member
19 Treyger is not with us, and can we go to the next
20 Council Member if they have questions?

21 SERGEANT-AT-ARMS: Okay, I think we have
22 questions from Council Member Yeger. Council Member
23 Yeger, your time begins now. (pause) And if we can--
24 Here we go, here we go.

2 COUNCIL MEMBER YEGER: Yeah, I'm good.
3 sorry about that. Good morning, um, good morning
4 Madam Chair. It's good to see you up there. Thank
5 you. Um, Commissioners, I have just a few questions,
6 but I just want to begin very briefly. Last year—over
7 the last two years that I've been in the Council I
8 voted against the interest rates, the 7% and the 18%,
9 and last year when those two resolutions came before
10 the Council, it wasn't just me alone. It was 11 of us
11 voted against the 18%, 7 of us voted, um, 13 of us
12 voted against the 7%. So, there is a feeling in the
13 Council that these interest rates are injurious I
14 think how I described it and I continue to describe
15 it. I think it's loan-sharking and I think it's, um,
16 I think it's unfair to New Yorkers, but now more than
17 ever I think we can do a little better, and while I'm
18 pleased by the recommendation of the Banking
19 Commission for a lower rate, I don't think it's
20 enough. First, I don't believe that a city should
21 monetize and profiteer off the City of New Yorkers
22 who can't afford to pay their bills. People who are
23 not paying their property taxes are not doing it
24 because they don't feel like paying their property
25 taxes. They not pay their property taxes because

2 they can't, and that's a very, very important
3 distinction, and I think that we need to recognize
4 that there are all kinds of people in New York who
5 need help and some of those people are people who own
6 property, um, the—secondly the reduction from, you
7 know, 7 to 5 to 3.25, three and a quarter percent, I
8 would love to know which bank in this city is paying
9 the City of New York 3 and a quarter percent to keep
10 their money on deposit. That we can't afford to do a
11 little better for the people. Um, and I obviously if
12 people can't pay—if people can pay and they would be
13 able to pay, they would pay, but, um, and we—and I
14 agree that we do want to encourage the prompt payment
15 of the property taxes where possible, but when we
16 can't, I think it's important to remember this
17 program, these two Preconsidered Intros, but the
18 Public Advocate, and Council Member Chin are very
19 forward thinking ways of trying to help New Yorkers.
20 I'm a little surprised that the Administration is not
21 holding our hands and side by side with our funding,
22 and I think we can do a little better. First, it's
23 important to remember this is not an abatement, a
24 cancellation, a reduction, it's not a rebate. This is
25 merely a deferral. The city is going to get its

2 money. It's not today. It's a temporary delay of the
3 payment. I also want to point out that these bills
4 and the city's programs do nothing to deal with the
5 April missed payment. There are people who lost
6 their jobs or who suffered immediate financial loss
7 from tenancies who cannot pay—who were not able to
8 pay the April payment, and to this day every single
9 day they are accumulating interest on those payments.
10 These bills do not do anything to go backwards into
11 the current fiscal year that we're in now. It is
12 simply forward looking into the July payment, but I
13 think we can do better on that as well. So, frankly,
14 this costs the city nothing to do. It costs the city
15 not a penny because the money remains on the books as
16 income that the city ultimately will receive. It's
17 just not receiving it today. It will get it in three
18 months, four months, six months, whenever it gets it,
19 but it's going to get it, and the idea that we have
20 to charge interest I think, um—I think we can do a
21 little better, and that's why I think that being in a
22 position of interest to begin with is—is something we
23 ought to be able to do a little better. I will also
24 point out that the Council has not yet take up the
25 two annual resolutions on the interest rates. I would

2 urge my colleagues here in Finance to and the rest of
3 the Council to really look hard, to look at that and
4 we would like also to advise the city to oppose these
5 high interest rates on New Yorkers and, you know, the
6 last thing with regards to these bills, like I said
7 we are very, very grateful to our Council Member
8 Chin, to our Public Advocate for forwarding these
9 bills and advancing them onto the floor through this
10 hearing and hope we will be able to move them soon. I
11 would just like to point out, um, that--that the--there
12 is a series of applications that needs to be done in
13 order to avail ourselves, and one of the things that
14 Council Member Chin pointed out is that, um, you
15 know, it's not--we're not asking people to pay--we're--
16 we're asking people to simply say that the income
17 that was lost exceeds the amount of payments that
18 they would have had to make. It's not we could do a
19 great series of auditing to get to that--to get to
20 that point. I think we can do better than--than asking
21 people to come in with all kinds of records, and
22 people should go--simply be able to certify. If they
23 need this program or not, remember we're only talking
24 about a year of payments or maybe just a couple of
25 months. If they need the program check all

2 (inaudible) as intended and you won't get a bill for
3 a little while. It will give people some breathing
4 room. People in this city are desperate for help. I
5 also want to remind not just the agency, but just in
6 general my colleagues that the New Yorkers who keep
7 on talking about cancelling rent, we have to do
8 something for our tenants. I'm a tenant. I'm doing
9 okay and I can pay my rent, but people in the city
10 are bleeding. They cannot afford to pay their rent.
11 We have to—

12 COUNCIL MEMBER TREYGER: I may start?

13 COUNCIL MEMBER YEGER: I know my time is
14 up, Madam Chair. I'm going to wrap up in a moment. If
15 we are talking about doing something for the tenants,
16 we have to be able to recognize that on the other
17 side of that tenant is a landlord who has to maintain
18 the building, pay their staff, um, and obviously pay
19 the City of New York its taxes, but we have to do it
20 on both sides. We have to help the landlords. We have
21 to help the tenants. We must help both sides of the
22 equation in order to—to prevent the collapse of the
23 real estate market and the economy. As Council
24 Member Chin said: These are the people who are
25 paying the bills. The city needs the money in order

2 to function, but we have to do it in a way that
3 enables people to actually be able to pay their
4 bills. So, there were no questions there, but I will
5 leave you this, Mr. Chair, if you can: If you happen
6 to know, Madam Chair, and I thank you. This is my
7 only question. I thank you for your indulgence. Do
8 you happen to know how many or as a percentage or
9 some kind of number that gives us an indication of
10 how many people had trouble paying the April payment?

11 DEPUTY COMMISSIONER SHEAR: I don't have
12 that with me. We can get back to you with that
13 information. I can say that, um, the April payments
14 seem while they're were people and we acknowledge
15 that who had difficulty paying, it appears that for
16 many the amounts have already been escrowed by their
17 mortgage companies. So, the payments were--were fairly
18 robust...

19 COUNCIL MEMBER YEGER: And then--?

20 DEPUTY COMMISSIONER SHEAR: We'll share
21 what we have with you on that.

22 COUNCIL MEMBER YEGER: If you can, and
23 one other thing that I would remind you is--and this
24 will be my last point, is when the banks make the
25 payments on behalf of--of the mortgagees, it's, um,

2 it's the--the banks are laying out the money in many
3 cases. If we don't authorize a reduction in
4 abatements at--or a deferral together with an interest
5 rate reduction to zero, banks are going to lay out
6 this money, and they're going to get tons of the
7 mortgagors to the property owners and say you have
8 to--you owe us this money now, and the banks are going
9 to impose interests. We have to do something to stop
10 that from happening. My guess is that for the most
11 part April payments were made based on payments that
12 were being escrowed between February--January,
13 February and March during the mortgage payments.
14 Starting in March and April people started having
15 difficulty making their mortgage payments. That's
16 where I think you see the pain. And so, I think we
17 have to address April. I certainly believe as Council
18 Member Chin and Public Advocate pointed out that we
19 have to begin addressing this in a real way for the
20 July payments to start coming due in literally five
21 minutes. Thank you, Commissioners, and thank you
22 Madam Chair again.

23 CHAIRPERSON GIBSON: Thank you Council
24 Member Yeger. I have a few more questions. I am
25 awaiting Council Member Treyer who does have

2 questions on Intro 1952. I have a question on
3 business tax deferrals. In response to the COVID-19
4 pandemic, Finance allowed COVID impacted businesses
5 to defer their tax year 2019 business taxes, and
6 waived all penalties, but still charged interest. Do
7 you guys know how many deferrals that DOF has granted
8 for this program so far, and do you have an estimate
9 of how much in taxes DOF has deferred as part of this
10 particular program?

11 DEPUTY COMMISSIONER SHEAR: So, I don't
12 have the figures and we'll--so I need to get back to
13 you with what we have--

14 CHAIRPERSON GIBSON: Okay.

15 DEPUTY COMMISSIONER SHEAR: --thus far.
16 Your description is correct. We did--we did not delay
17 payments, but we did abate the penalties, and we
18 continue to charge interest.

19 CHAIRPERSON GIBSON: Okay, is this
20 program still ongoing?

21 DEPUTY COMMISSIONER SHEAR: I believe so.

22 CHAIRPERSON GIBSON: Okay. So, do you
23 know by chance what proof a business has to provide to
24 show that they were impacted by COVID? Was that what
25 you were missing in your testimony as far as having a

2 relative or a staff member affected? Is that the
3 came criteria?

4 DEPUTY COMMISSIONER SHEAR: I don't
5 believe it was the same criteria. We'll get back to
6 you with that.

7 CHAIRPERSON GIBSON: Okay, um, and do you
8 know was cashflow a consideration when the department
9 authorized the Penalty-Free Business Tax Deferral
10 Program? I would image yes, right?

11 DEPUTY COMMISSIONER SHEAR: Yes. So,
12 cashflow is always a consideration. It is especially
13 a prominent consideration when we're dealing with
14 property taxes because they are just so much larger.
15 They're such a bigger part of the city's budget.

16 CHAIRPERSON GIBSON: Okay and what's the
17 interest rate for this particular program? Do you
18 know?

19 DEPUTY COMMISSIONER SHEAR: so, the
20 interest rate for business taxes is currently 9% and
21 I believe that, um, based on the law, it's scheduled
22 to drop to 7-1/2% on July 1st.

23 CHAIRPERSON GIBSON: 7-1/2. Okay, and how
24 long is this deferral period?

2 DEPUTY COMMISSIONER SHEAR: I can't tell
3 you that. I'm not familiar with that.

4 CHAIRPERSON GIBSON: Okay, well if you
5 could follow up. We'll follow up with you.

6 DEPUTY COMMISSIONER SHEAR: Okay.

7 CHAIRPERSON GIBSON: We use—we'll send
8 out a letter just, um, affirming all of the questions
9 and just follow up with the agency.

10 DEPUTY COMMISSIONER SHEAR: Understood.

11 CHAIRPERSON GIBSON: Okay, okay. um, I
12 have a question on geographical tracking that I
13 wanted to ask. It will be helpful if the proposed
14 database that the Council is recommending would allow
15 the public to see how COVID-19 funding is allocated
16 based on different geographic parameters. I want to
17 know is it something the Administration would include
18 in the Funding Tracker, and I ask that because if you
19 look across city of New York, and the impact that
20 COVID has had, it has hit communities of color the
21 hardest, African-American and Latino New Yorkers,
22 older New Yorkers 60 and over. Certain communities
23 were affected more than others, and now as we are
24 getting out of COVID and we're on the road to
25 recovery, it's really important to the spending that

2 we do an invest in communities it has to be the
3 communities that were the greatest in need, and the
4 greatest challenge. And so, to me this criteria that
5 we're asking got is really helpful because the data
6 that we're seeing is now in terms of COVID deaths we
7 have it categorized by zip codes, but the
8 neighborhood. We know the residents of public
9 housing. We've asked for data on LGBT New Yorkers.
10 So, we're looking at data from multiple perspectives
11 to understand where the greatest challenges were and
12 how we can go back into those communities to provide
13 a lot of relief. So, my question is: Will the
14 Administration consider including geographic
15 parameters in the Funding Tracker?

16 DEPUTY COMMISSIONER SHEAR: Yes, we will
17 consider that. It reflects the approach that we had
18 from the Sandy Tracker that's online. Um, as you
19 know, we're—we're able to look at—obviously that
20 would probably vary by projects. I don't want to
21 speak ahead of the folks who will be working on this,
22 um, but it is something that obviously is very
23 important to be able to say which communities are
24 getting the support based on the impact that has been

2 had with COVID. So, it's something we will consider.
3 Yes.

4 CHAIRPERSON GIBSON: Okay, and you do
5 acknowledge and agree that those communities most
6 impacted by COVID should get a majority of the
7 further investments, correct?

8 DEPUTY COMMISSIONER SHEAR: I believe the
9 Administration has said the previously, um, in
10 various forms. So, um, I—I am sure, and again, I
11 don't want to get ahead of OMB, but that is a
12 principle that makes sense to me.

13 CHAIRPERSON GIBSON: Okay. I have a
14 question on our federal containing process, and the
15 billions of dollars. It's critical that we all
16 understand how the city is claiming what we are owed
17 from the federal government. Starting at the
18 beginning, what is the city's internal process for
19 identifying that may be eligible for federal
20 reimbursement?

21 DEPUTY COMMISSIONER MURRAY: So, I'll go
22 back to some of the points that we've covered
23 upfront. The guys—the training that's been provided
24 to agencies at the outset in February and what we've
25 done previously with Savvy for example was to make

2 sure that, um, there--there--this spending would not
3 be--exist if it wasn't for COVID. So, again that's the
4 litmus test. The coding that happened, um, with the
5 CV for example are CV-19, um, tracking it from us is
6 the way in which we are able to sit--go back in time
7 and be able to note what was appropriate. There at
8 OMB there is a grants tracker that yes that's what
9 we're going to be using to ensure that we can claim
10 appropriately. Where it's major department streams
11 like FEMA and so on, obviously that's very tightly
12 managed by OMB across the agencies where there is
13 specific funding streams that each agency has the
14 right to monitor with. It's more of a monitoring
15 approach there. So, coordination centrally it
16 happens. It's going to be by the grass tracking
17 system that exists, and the coding of that. Folks
18 have been trained on that, and you should see in the
19 cleaning process, which I can't speak to it in more
20 detail than this today, um, the intent is to then use
21 those guiding lines, which this grass tracking system
22 to get the reimbursements. There should be few
23 legitimate reasons why we don't get there when we're
24 working with the federal government.

2 CHAIRPERSON GIBSON: Okay and what is
3 going to be the central database for capturing
4 information on COVID related spending across all of
5 the agencies? Is it going to be the FMS system?

6 DEPUTY COMMISSIONER MURAY: FMS remains
7 the system that tracks everything that is the-

8 CHAIRPERSON GIBSON: Okay.

9 DEPUTY COMMISSIONER MURRAY: --the place
10 where everything happens, but to your--your interest
11 and intent, we want to give our COVIDS (sic) with
12 that, and make it, um, hopefully available in a
13 different in a different way. Checkbook captures it
14 now, but I think what--basically what you're
15 indicating you want to be able to make it more
16 understandable by the public to increase discourse
17 and so folks can understand on the ground here's how
18 my community is--was affected and its response is
19 happening. So, I think the Tracker is that you're
20 proposing with the bill should achieve all those
21 goals. FMS is the system of record. The Grants
22 Management System is the system that's being used to
23 track claiming, and--and there's lots of guidance in
24 agencies to make sure that they're doing that well.

2 CHAIRPERSON GIBSON: Okay, great. Do you
3 have an idea of how long it would take to reconcile
4 the books for our Fiscal 2020 Extensive?

5 DEPUTY COMMISSIONER MURRAY: I will have
6 to defer to OMB on that.

7 CHAIRPERSON GIBSON: Okay, great and then
8 another follow-up. You probably would have to get
9 back to us as well. I'm wondering if there's any
10 reason why federal aids in Fiscal 2020 might not be
11 rolled into Fiscal 2021?

12 DEPUTY COMMISSIONER MURRAY: Yeah, I
13 think that's a more technical question

14 CHAIRPERSON GIBSON: Okay.

15 DEPUTY COMMISSIONER MURRAY: --and I will
16 get answer to you prompt.

17 CHAIRPERSON GIBSON: Okay, great. I am
18 going done with my questions. I think some of my
19 colleagues may have other questions, but I simply
20 wanted to thank the both of you for answering all of
21 our questions. I'm excited about the COVID Spending
22 Tracker system. I think it's important for New
23 Yorkers to understand during this pandemic all of the
24 funds that we're talking about whether it's federal
25 reimbursements or just general city spending dollars

2 where that money is going. Certainly, on behalf of
3 my community in the Bronx that was very, very hard
4 hit, we certainly appreciate the opportunity to see
5 it from a geographical perspective neighborhood by
6 neighborhood because I do think that, you know, many,
7 many communities across the city particularly
8 communities of color and immigrant communities there
9 are health challenges and disparities that underline
10 healthcare issues that many New Yorkers have been
11 affected by the were further exacerbated with the
12 COVID diagnosis, and so if the city is going to
13 rebound if we're really going to have a real response
14 not just supporting businesses, but and returning
15 back to normal, the spending and how we designate
16 dollars is going to be very, very critical for those
17 communities that have felt short-changed, left
18 behind, under-invested, etcetera, etcetera. So, I
19 look forward to working with you and the
20 Administration on this implementation and how we
21 address some of the deficiencies and gaps in service
22 because I think the tracking system can really shed
23 light on where all the money is going, and how we are
24 providing the re-investments that are needed in our
25 communities, but I thank you for that.

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2 DEPUTY COMMISSIONER MURRAY: Sure. Yes,
3 we thank you. You have our response. (sic)

4 CHAIRPERSON GIBSON: Thank you so much.
5 I'm going to turn our hearing back over to our
6 Counsel to call our Council Members for further
7 questions.

8 LEGAL COUNSEL: We will next hear from
9 Council Member Mark Gjonaj. In addition, if other
10 Council Members have questions for the
11 Administration, please use the Zoom Raise Hand
12 Function, and you will be added to the queue.
13 Council Members, you'll be given five minutes
14 including answers. Please wait for the Sergeant at
15 Arms to tell you when your time begins. So, the
16 Sergeant will then let you know when your time is up.
17 I Council Member Ghonaj ready?

18 SERGEANT-AT-ARMS: Council Member Gjonaj,
19 please answer back now.

20 COUNCIL MEMBER GJONAJ: (pause) Okay thank
21 you, thank you, Chair. I want to echo some of the
22 sentiments from my colleagues. There's a report that
23 was just recently released by the National Bureau of
24 Economic Research and it shows businesses that were
25 impacted by COVID-19 by ethnicities and demographics

2 nationally. The black business owners were hit with
3 the highest rate, 41% while immigrant owned
4 businesses 36, Latino businesses 32, Asian 26 and
5 Whites, 17. It's hysterical (sic). Every business
6 that does not open up in New York City is going to
7 lead to less tax revenue. Every business that we
8 assure has the ability to survive, and reopen, will
9 provide more cash revenue to our tax base while
10 programming and services that are needed. Real
11 estate taxes are passed on from the property owner to
12 small business. Many of our small businesses are even
13 own their properties and are closing up. I want to
14 remind everyone real estate taxes whether it be a
15 business owner, a homeowner or a tenant, is always
16 paid by those three. So, the city charges landlord,
17 landlord would pass on those charges to tenants in
18 form of rent increases in all categories from tenant
19 tenants of apartment buildings, residential homes of
20 1 to 4 families and in commercial businesses. The
21 echoes that were made earlier 18% on the April—do we
22 have a number of the defaults on the real estate
23 taxes for those that were due in April, Deputy
24 Commissioner?

2 DEPUTY COMMISSIONER SHEAR: Well, I don't
3 have that with me that the previous Council Member
4 asked for that same information. So, we will be
5 working to provide Council finance with...with that
6 information.

7 COUNCIL MEMBER GJONAJ: Thank you, Deputy
8 Commissioner Shear. I would—I would have hoped you
9 would have had that with you. I would have been a
10 telling story of what we can predict for the next
11 quarterly payments. As you are aware, larger
12 properties pay real estate taxes twice a year in July
13 and in January. It's our residential homes that are—
14 that pay quarterly. It could have been a telling
15 story for what to expect in declines of real estate
16 tax payments, and I remind everyone that it's just
17 not real estate tax payments that are due in July.
18 It's also water and sewer rates, and they also incur
19 18% compounded interest penalties for non-payment.
20 This is the time where the city can prove how much it
21 values our small businesses by actually putting their
22 mouth—the money where their mouth is. We often talk
23 about the importance and constantly undermine their
24 very existence. This is an opportunity that if we
25 lose, we'll have long-lasting implications. It's not

2 only to the city and our commercial corridors, but to
3 the viability and the future of our city. I don't
4 have any questions. Thank you.

5 DEPUTY COMMISSIONER SHEAR: So, Council
6 Member I hear you and—and your concerns are
7 registered. One thing I do want to point out is for
8 the water and sewer charges, the interest rate is
9 actually the same rate that's imposed on properties
10 with assessed values under \$250,000. So, the interest
11 rate is not 18%. It's—it's, um it's—the Council has
12 upped it. It's the 3 and quarter percent of the 5
13 percent for those properties. All properties are
14 charge the same interest rate on water and sewer
15 charges.

16 COUNCIL MEMBER GJONAJ: Thank you for
17 that clarification, Deputy Commissioner. I forgot
18 that we had made that passage and that made that
19 possible, but that's still 5%. Like currently the
20 interest rate is to zero-zero, and yet we're charging
21 and penalizing New Yorkers for something that they
22 had no control over for not being able to pay water
23 and sewer. Something that should have been free to
24 begin with, something that was free, but today, it's
25 more expensive than fuel in many cases, and I want to

2 point that out again: Today's water and sewer charges
3 are more expensive than fuel. Thank you,
4 Commissioner.

5 DEPUTY COMMISSIONER SHEAR: Thank you,
6 Sir.

7 CHAIRPERSON GIBSON: Thank you, Council
8 Member Gjonaj. I also want to acknowledge we were
9 joined by Council Member Jimmy Van Bramer. I now
10 turn the hearing back over to our Committee Counsel.
11 Thank you.

12 LEGAL COUNSEL: Chair Gibson, no other
13 Council Members have raised their hands to ask
14 questions. We're ready to move onto the public
15 portion of the hearing when you're ready. Okay.

16 CHAIRPERSON GIBSON: Okay.

17 LEGAL COUNSEL: I'd like to remind
18 everyone that unlike our typical Council hearings, we
19 will be calling individuals, members of the public
20 one by one to testify. Council Members who have
21 questions for a particular panelist should use the
22 Raise Hand Function in Zoom, and you'll be called on
23 after the panelist—after the prior panelist has
24 completed their testimony. For the panelists, once
25 your name is called a member of our staff will unmute

2 you and the Sergeant at Arms will give you the go
3 ahead to begin—and begin setting the timer. Please
4 wait for the sergeant to announce that you may begin
5 before delivering your testimony. You will have three
6 minutes for your testimony. Okay. The order of the
7 public testimony we will start with, um, George
8 Sweeting followed by Johnson Rosenberg and Christie
9 Peal. Thank you. Line status now.

10 GEORGE SWEETING: Good morning, Chair
11 Gibson and members of the Committee. I'm George
12 Sweeting, Deputy Director of New York City
13 Independent Budget Office, and thank you for the
14 opportunity to appear before to day. I will be
15 addressing the two property tax deferral intros. I
16 should note that I believe the language on these
17 intros may have been changing a bit. So, some of my
18 comments may address an out-of-date version of the
19 legislation, but anyway, let me proceed. COVID-19
20 has already taken a tremendous toll on the New York
21 City and it is far from over. Aside from the
22 devastating health impacts, the need to shutter the
23 economy has left the US and the city in recession.
24 The job loss was seen since the Great Depression.
25 Many New York homeowners are facing lost or most or

2 much diminished incomes and are worried about their
3 ability to pay their property taxes, which are due in
4 a few weeks. Many commercial property-owners report
5 that they, too, may have trouble paying their
6 property taxes because some of their tenants either
7 of apartments and/or commercial space are unable to
8 pay their rent. Even landlords with insufficient
9 income to pay all of their bills. The two intros
10 under discussion attempt to address these problems.
11 Without advocating for or against either of these two
12 proposals, IBO suggests treading carefully less the
13 city undermine its most important revenue source
14 particularly when it remains uncertain whether the
15 federal government will provide additional fiscal
16 relieve to the city. Property tax is not only the
17 city's largest tax, but it is also the tax over which
18 we have the most control in terms of how much revenue
19 it can raise. Moreover, it is the city's most stable
20 tax. Over the next 18 months while the city's other
21 major tax sources are forecast to decline or slow
22 sharply, IBO expects revenue from the property tax to
23 increase taking at least some of the pressure off the
24 rest of the city's tax base in the tough times ahead.
25 There are three issues that merit particularly close

2 attention. First--and this echoes some of the
3 comments that have already been made--is to ensure
4 that enough taxpayers continue paying on the regular
5 schedule to avoid disrupting the city cash position.
6 Early summer is the time when the city traditionally
7 relies on July 1 property tax payments to meet its
8 obligations. Even the deferral of income tax payments
9 from April to July this year, there may be some
10 leeway, but there is also greater uncertainty
11 regarding all our taxes. Second is to make sure that
12 we are providing the relief that is necessary, but
13 not offering a break for the owners who still have
14 the ability to pay on schedule. At a time when the
15 city is facing huge revenue shortfalls we cannot
16 afford to be inefficient in targeting relief. Third,
17 is to be realistic about the administrative effort
18 that will be necessary to implement the Deferral
19 Program particularly on such short notice.

20 MALE SPEAKER: And expires?

21 GEORGE SWEETING: These proposals offer
22 property tax owners the option of deferring taxes due
23 on July 1. The first will apply to owners whose
24 primary residence have been assessed at way below
25 \$250,000, which is the best pride of 1, 2 and 3-

2 family homes, co-ops and timeshares, and whose
3 household income is below \$200,000. And according to
4 census data, only about 10% of homeowners in the city
5 would be excluded by this criteria. Owners who mee
6 these criteria and who face some health or economic
7 hardship due to COVID-19 can apply for the right to
8 defer their July 1 tax payment for October 1st
9 without incurring penalty arrangements. IBO does not
10 have access to homeowner income or any information on
11 individual and household income—household impacts of
12 COVID-19 that would allow us to offer a robust
13 estimate of how much revenue would be deferred. A
14 rough estimate using property values, census income
15 data and zip code health statistics suggest that
16 about \$500 million in collections would be shifted
17 from July to October, which is about one-third of
18 what small property owners usually pay on July 1. It
19 is noted—notable that we’re looking at zip code level
20 data. Areas hardest hit by COVID-19 have low home
21 ownership rates. Homeownership and the property
22 values are generally higher in zip codes with
23 relatively low COVID-19 infection rates. The second
24 proposed would also offer owners of commercial
25 properties with assessed value over \$250,000 the

2 chance to defer property taxes through July 1, but on
3 different terms. Property owners would have to pay a
4 quarter of their deferred payment by October 1st,
5 2020 and pay the remainder by May 1st 2021 with
6 interest accruing, and I may have the wrong
7 information here. We thought it was 9% there. Owners
8 either commercial or residential tenants would be
9 required to offer rent forbearance during the trial
10 period. Properties affected by the COVID-19 Public
11 Health Orders are occupied by tenants who were
12 impacted with the eligible. (sic) Many properties
13 would be eligible under this proposal, and these
14 properties are responsible for a much greater share
15 of baselined property taxes, and small property
16 owners. However, the accrual interest and the
17 requirement to offer rental forbearance during the
18 deferral period will likely discourage many from
19 participating. IBO does not have an estimate of the
20 amount of revenue that will be deferred under this
21 program. Both of these proposals would take effect on
22 July 1. They both require individual deferral
23 agreements between property owners and the Department
24 of Finance to be worked out quickly enough so that
25 owners can benefit when the need is greatest. The

2 Finance Department would also be required to
3 promulgate rules and applications for owners to
4 submit their documentation of COVID-19 and/or
5 economic impacts that would qualify the owner for a
6 deferral. A major concern is that the administrative
7 burden of both applicants and the Finance Department
8 will be high and the pressure will grow to accrue
9 applications with little review. This could result
10 in granting deferrals that might not be justified,
11 undermining the collection of property tax revenue
12 the city is counting on. So, thank you for the
13 opportunity to testify today, and I'm happy to answer
14 any questions you may have.

15 LEGAL COUNSEL: I see that Council Member
16 Yeger has a question for Mr. Sweeting.

17 COUNCIL MEMBER YEGER: Thank you very
18 much. Okay, am I'm muted? Okay, here we go. Thank you
19 very much. It's actually not a question for Mr.
20 Sweeting, but, um, when I read your testimony about a
21 hour ago, and I heard you speaking now it jogged my
22 memory of something I neglected to mention earlier,
23 and I appreciate that you pointed it out. Our
24 property tax revenues in the city are projected to go
25 up, and it's an important point that should be

2 mentioned here. We should be mentioning that
3 throughout. We—we claim that we have the greater
4 class of politicians in ways that we don't raise
5 taxes on New Yorkers, but every single year people
6 get higher tax bills on their property because of the
7 automated ways that the taxes go up. Um, this year
8 people are going to be paying higher taxes. July's
9 payment is going to be—it's not a question for you,
10 Mr. Sweeting. I just want to make sure it's stated on
11 the record today. July's payment is supposed to be
12 higher for New Yorkers than their April payment was.
13 Um, and that's a fact and it's going to be that way
14 whether they're semi-annual or—or quarterly. We need
15 to do something. We must absolutely do something to
16 relieve this burden. They tell New Yorkers that they
17 have to pay more money in July when almost everybody
18 is hurting is real irresponsible, and I and I
19 appreciate that you brought that point out. It's not
20 a question for you, and your best (inaudible) Madam
21 Chair. Thank you very much.

22 LEGAL COUNSEL: Can we please hear from
23 Jonathan Rosenberg followed by Christy Peale and
24 Rojay Danapani. (sp?)

25 LEGAL COUNSEL: Guys, let's go. (sic)

2 JOHNSON ROSENBERG: Good morning, Chairman
3 Gibson and Members of the Committee on Finance. I am
4 Jonathan Rosenberg, the Director of Budget Review at
5 the New York City Independent Budget Office. Thank
6 you for giving me this opportunity to testify today
7 regarding Intro 1952, which would require the
8 creation of an expenditure tracker for all city
9 expenses related to the COVID-19 Pandemic. IBO's
10 role is to provide non-partisan information on the
11 city's budget to members of the Council, other
12 elected officials and the public. As we have
13 testified in the past, we generally support efforts
14 to increase government transparency, particularly
15 when it provides the public with information that is
16 presented in a straightforward easy to understand
17 way. This is of particular importance today in light
18 of the many millions of dollars the city is spending
19 on COVID-19 related expenses. City expenditures
20 related to the COVID-19 Pandemic have already
21 exceeded \$2 billion with \$2.8 billion budgeted for
22 such expenditures in the current fiscal year, but
23 these totals only include what the city plans to
24 submit to the Federal Emergency Management Agency for
25 reimbursement and not expenditures using the funds

2 flowing into the city from before Coronavirus relief
3 packages passed by Congress earlier this year. In
4 April, IBO estimated that over \$5 million made from
5 these relief packages could eventually flow to the
6 city. Note that this total does not include other
7 funds that are expected to be provided to agencies
8 outside the city's budget including the Metropolitan
9 Transportation Authority, New York City Health and
10 Hospitals and the city's Public Housing Authority.
11 In early April IBO brought online its own Dashboard
12 to track the city's COVID 19 related expenditures.
13 IBO's Dashboard presents COVID-19 expenditure
14 information aggregated in three ways: By date, by
15 agency and by expenditure type. The aggregated data
16 is also broken down into its component parts to its
17 spending by date, categorized by agency and spending
18 by agency broken down by expense description. The
19 Dashboard envisioned under Intro 1952 would add
20 considerably more detail on individual contracts and
21 also provide a searchable database of all contracts
22 and purchases tracked in the Dashboard. Because of
23 the special circumstances surrounding the pandemic,
24 and the need to quickly procure many critical items,
25 the city waived its normal contracting process. While

2 few would doubt that there was a need to
3 expeditiously acquire the necessary life saving
4 materials, it is also of critical importance that the
5 expenditures are done in the light of day. A public
6 database and tracker would provide the transparency
7 necessary particularly when the safeguards provided
8 for by the city's typical contracting process are
9 suspended. Given IBO's support for increased
10 transparency and data sharing in general, the COVID-
11 19 Expense Tracker required by Intro 1952 is of
12 particular interest to IBO, and certainly would be a
13 benefit to the public. Thank you for giving me this
14 time to speak with you and I'm happy to answer your
15 questions.

16 LEGAL COUNSEL: Seeing no questions, can
17 we next hear from Christie Peale followed by Vijay
18 Dandapani, and Michael Forest. Thank you. You can
19 start just now?

20 CHRISTIE PEALE: Thank you, Commissioner.
21 I'm sorry, thank you Council Member Gibson and the
22 Finance Committee as well as the Public Advocate for
23 introducing the Installment Payment Plan Bill. The
24 Center for New York City Neighbors promotes and
25 protects affordable homeownership in New York. Where

2 middle and working-class families are able to build
3 strong and thriving communities. I just want to
4 highlight the impact of property tax payments on low-
5 income homeowners today and as you may know, we've
6 served over 100,000 homeowners since 2008 and 60% of
7 those homeowners are people of color and with an
8 average household income for \$38,000. I also want to
9 thank the Council and the Public Advocate for your
10 tireless leadership right now and some very difficult
11 times. I know we've had some challenging
12 circumstances and we really appreciate your
13 leadership right now. It's important to acknowledge
14 obviously the devastating impacts of the Coronavirus
15 epidemic has had on our neighbors, or neighborhoods,
16 our communities and our budget, but I just wanted to
17 make sure that we don't put the burden of the
18 recovery from this economic fallout on our poorest
19 neighbors. So, we need to make sure, you know, we
20 learned from the lessons of the Great Recession, and
21 we know that the economic impacts are likely to
22 exacerbate existing inequalities across racial and
23 economic lines. So, we strongly support the bill
24 introduced by the Public Advocate, and Council
25 Members Lander and Kallos. I just wanted to highlight

2 a couple of the reasons why we think it's so
3 important. As many of you know, property tax burdens
4 were a problem before the Coronavirus epidemic. There
5 is a report that came out last year from the
6 Comptroller that highlighted for homeowners making
7 under \$50,000 per year their property tax burden is
8 12% of, which is much higher than your typical
9 homeowner. It's highlighted by some of the
10 economists. Temporary gaps within the plan are really
11 important but all my homeowners are at risk right
12 with the Coronavirus epidemic not only individually
13 impacted, but the longer-term economic outlook. So,
14 there was a late May Census Bureau story of New York
15 State homeowners that found—they found that 13% of
16 New York State homeowners have only a slight
17 confidence in their ability to pay this coming
18 month's mortgage obligations. Of New York respondents
19 that reported less, they hassled with employment
20 income. Only 54% have a high confidence in their
21 ability to make next month's mortgage payments. So,
22 when you think about the impacts of those mortgage
23 payments on our property taxes it's obviously severe,
24 but again, I want to make sure we're not building on
25 the recovery on the backs of our lowest income

2 neighbors. We know the racial impacts of the-of
3 COVID-19 are disproportionately hurting our Black and
4 Latinx neighbors. Again--

5 MALE SPEAKER: Ms. Peale

6 CHRISTIE PEALE: Again. Uh, if I could
7 just finish. I just wanted to make sure that we don't
8 forget our role of the tax lien sales while we want
9 to make sure that the tax lien still doesn't
10 exacerbate economic pain and racial disparities. We
11 know that, um, the tax lien sale is much more likely
12 to sell liens and census tracts that open up to black
13 and (inaudible) Um and we want really to make sure
14 that we're thinking about a broader strategy to
15 stabilize homeowners in communities to make sure that
16 we don't exacerbate the racial wealth gap. Um, and-
17 and-and exacerbation economically and it was there
18 again for the Coronavirus epidemic. In 2018, there
19 were 30,000 New York City families who received
20 foreclosure notices. A lot-that's six of the 10-
21 highest kinds of codes where those were received were
22 in Canarsie, Flatland, Marine Park in Brooklyn,
23 Wasdale, Central Gardens, and (inaudible) in Queens.
24 Those had New Springs on Staten Island, and in 2019,
25 we saw foreclosure auctions in precincts. So, there's

2 a lot of economic pain out there already that we
3 really need to address and we need make sure that any
4 steps that we take in preserving our city's income,
5 you know, are not disproportionately borne on our
6 neighbors and our communities that have been
7 disproportionately hit physically in their health and
8 in their homes and in their pocket books. Thank you
9 or the opportunity to testify.

10 LEGAL COUNSEL: Next, may we hear from
11 Vijay Dandapani followed by Michael Forest and Robert
12 Altman.

13 SERGEANT-AT-ARMS: The time starts now.

14 VIJAY DANDAPANI: Good afternoon Chair
15 Gibson and members of the Finance Committee. I'm
16 Vijay Dandapani President and COO of the Hotel
17 Association of New York City also know as HANYC, a
18 trade association with approximately over 300 hotels
19 in the city. As you are aware, the impact of COVID-
20 19 in our industry has been extreme. The revenue has
21 dropped over 75% as compared to last year with no
22 meaningful recovery expected 'til 2024. Hotels across
23 the city are closing either permanently or
24 temporarily, and I'm sure they will be able to re-op
25 and rehire workers or 85% of the 55,000 employees in

2 the city hotel industry have been laid off, and
3 unlike others in our tax class we not only own our
4 property but also pay the real property taxes as well
5 as occupancy and state taxes. As a result, we have
6 but sedentary and liquidity crisis. Through all of
7 this we're doing everything we can to support the
8 City's COVID-19 Relief Efforts, and have partnered
9 with the City in providing hotel space at cost and
10 sometimes below whenever we can address a need.
11 Notably HANYC is administering a complex FEMA
12 compliant contract essentially for free with a very
13 modest fee to pay for two personnel we hired. We
14 hoped that our efforts will help slow the spread of
15 COVID and help keep New Yorkers safe. We propose
16 legislation for properties with an assessed value
17 about \$250,000 would give us much needed additional
18 time to pay our already disproportionately large part
19 of the entire (inaudible). At a time when most
20 hotels have had almost no cash flow for—excuse me, no
21 cash flow for a period of months are not seeing any
22 change in the near future. A foot such as this will
23 make it more likely that hotels survive the economic
24 impact of the pandemic and reopen on the other side
25 of it and, therefore, provide an important tax base

2 to the city. I might add that it was a billion
3 dollars last year through multiple taxes assessed on
4 hotels, and to boost the city's tools and economy. On
5 behalf of my members I'd like to thank you all for
6 this effort and giving me the option to present
7 testimony. I'm happy to take any questions so far
8 and--

9 LEGAL COUNSEL: Thank you. Seeing no
10 questions, let's move onto Michael Forest followed by
11 Robert Altman and Mark Miller.

12 SERGEANT-AT-ARMS: The time starts now.

13 MICHAEL FOREST: Hi, my name is Michael
14 Forest, and I'm a small business owner. My business
15 is being a landlord, and I'm here to talk about the
16 Property Tax Deferral Program that you're proposing.
17 I wanted to thank Council Member Chin and everybody
18 else involved in this legislation. An example—I'm
19 sorry. I'm also Chairman of the Board of Directors
20 the Lower East Side Business Improvement District
21 also known as the Lower East Side Partnership. An
22 example of a small business and small landlord in the
23 Lower East Side is a building with a total gross
24 revenue of about \$350,000, 70% of which comes from a
25 restaurant that has been closed since March and has

2 not paid rent since February, and the other 30% of
3 the revenue comes from the upstairs apartments. These
4 are small business owners that need help. To date
5 there has been no relief for small landlords at all.
6 In fact, the PPP Program specifically excluded
7 landlords. I'm in support of this legislation, but my
8 one issue is with the interest rate. Ideally the
9 interest rate would be zero to maybe two percent max.
10 If tenants are not paying the landlords, landlords
11 don't have the fund to pay taxes and other essential
12 services like heat, hot water and repairs. One way to
13 maybe preserve the crucial income that they city
14 needs from real estate taxes is to carve out
15 landlords that have already put aside like for real
16 estate taxes through their lenders. A lot of lenders
17 mortgage lenders escrow for taxes all year round and
18 if those landlords have the money they should pay.
19 But for other landlords that maybe don't have a
20 mortgage or have lenders that don't escrow for taxes
21 and they don't have the money, this relief would be
22 really, really great. Myself and a lot of other
23 small landlords are struggling financially. We are
24 essential businesses that have remained open during
25 the pandemic, but none of our expenses have changed.

2 Without small landlords, mom and-pop and pop stores
3 will also suffer. There are large hedge funds and
4 predatory private equity funds waiting in the wings
5 to snap up these properties. In fact, on May 26, the
6 New York Times ran an article that started with the
7 following quote: Hoping to take advantage of
8 roughage in the wake of the Coronavirus Pandemic.
9 Investors are preparing to snap up commercial real
10 estate at rock bottom prices. This bill will help
11 keep the fabric of our community. This bill will
12 help keep mom and pop small businesses alive by
13 allowing landlords to provide relief to those small
14 businesses. One example of something I'm trying to
15 do is I have a hair salon who had ten chairs in their
16 store pre-COVID. Post COVID due to the social
17 distancing requirements they only have four chairs.
18 The problem for her is that the six other chairs or
19 stylists who are independent contractors if they
20 can't come to work in that store, they're going to
21 have to go somewhere else, and she is basically going
22 to lose her business. She's not going to be able to
23 keep her employees if they nowhere to work. So, one
24 thing that we're talking about doing is providing her
25 with a vacant store that we have for free.

2 MALE SPEAKER: Um, that's barred. (sic)

3 MICHAEL FOREST: --to allow her to use
4 that store during the Coronavirus Pandemic, at that
5 time we would receive no income from that store but
6 it would at least allow her to preserve her business.
7 That's the example of what some small landlords are
8 trying to do and with this tax relief bill they would
9 be able do that. I want to thank you for allowing me
10 to testify, and that's all of my statement. Thank
11 you.

12 LEGAL COUNSEL: Thank you. Seeing no
13 questions, let's move onto Mr. Robert Altman followed
14 by Mark Miller and Tim Laughlin.

15 SERGEANT-AT-ARMS: It starts now?

16 ROBERT ALTMAN: Hi, this is Robert
17 Altman. I'm with Robert Altman Building Associates.
18 We actually oppose this legislation for multiple
19 reasons, but because it doesn't do enough, and I'm
20 standing to say that it's frankly too hard. If you're
21 going to keep us—if you're going to keep any landlord
22 whole, and not have the pandemic infect them, they
23 should, in fact, be paying what the city's borrowing
24 rate itself is. This way the city does not lose
25 money but, in fact, the city does not gain. In this

2 situation the city is taking advantage with a 9%
3 interest rate. It is actually taking advantage of
4 the, um, pandemic and to create a profit. Second,
5 the cope of this is actually very narrow. Even though
6 people have talked about mortgages and such, most
7 payments are made by, in fact, the bank that holds
8 the mortgage. In fact, the bank is the one we're
9 likely access some payment from it. It has the
10 responsibility to do so. Even if there is no escrow
11 provision in the mortgage so that the bank is not
12 paying, but the property owner is. In fact, there is
13 a provision in the mortgage which will say that tax
14 payments must be made at the time that they are due.
15 So, unless you're going to change the interest rate
16 or the payment date on taxes from July 1 to some
17 other date, these businesses will be--will be in
18 default of their mortgage. And finally, if anybody
19 is a--is sort at the scene (sic) or a business owner
20 and has some--they will have a lot of credit. In a lot
21 or respects it will make a hell of a lot more sense
22 to use the line of credit like rather than to use a
23 9% affecting 9% loan from the city because it does a
24 number of business things. First of all, it's a
25 lower interest rate and, two the payments can be

2 spread out over a longer time period. So, I don't
3 think the functionality of these bills actually do
4 very much for a vast majority of the businesses that
5 are, in fact, impacted by the COVID-19 Pandemic.
6 Given that these bills are so small, so stingy we
7 actually oppose both of them. Thank you.

8 LEGAL COUNSEL: Thank you. Can we hear
9 next from Mark Miller, Tim Laughlin and Megan Joy?

10 SERGEANT-AT-ARMS: The time starts now.
11 (pause)

12 LEGAL COUNSEL: Mr. Miller, are you
13 available to speak? (pause) We will return to Mr.
14 Miller. Moving on to Tim Laughlin followed by Megan
15 Joy.

16 TIM LAUGHLIN: Can you hear me now? Hello.

17 LEGAL COUNSEL: Oh, Tim. Mark Miller

18 MARK MILLER: Okay, sorry about that. I
19 had a technical issue. Hi. I'm Mark Miller. I'm a
20 small property owner located in Lower Manhattan on
21 Orchard Street. My family has managed a walk-up
22 property in the Lower East Side for 117 years. If
23 you want to help lower-income groups such as students
24 and people starting their-in their careers, then you
25 need to provide relief to the many small New York

2 City landlords with property tax deferment. I
3 personally know each tenant a few of which are multi-
4 generational, and I look at them as people not as a
5 number on a spreadsheet. When a tenant loses their
6 job, I work with them. I do give them time or in the
7 case of COVID-19, I've allowed some tenants to pay
8 half their rent until their jobs come back fully many
9 of our residential tenants are not renewing their
10 leases, and returning to their—and they're returning
11 to their home towns because schools are moving
12 online, company employees are not required to work in
13 their office and New York City amenities like
14 restaurants and bars are closed. Many of the small
15 buildings in the Lower East Side, Chinatown and other
16 areas in the city have rent regulated tenants and we
17 rely disproportionately on income from our commercial
18 tenants to cover expenses. Currently, our commercial
19 tenants are not paying any of us. For example, I have
20 a commercial retail tenant owned by a private equity
21 company that didn't qualify for the TTP Program. I
22 offered them a permanent 60% off on their rent while
23 they're closed and will consider further reductions
24 when they're allowed to open if sales numbers are not
25 coming in. Unfortunately, no one has gotten back to

2 me about my offer. Under the current dire
3 circumstances, the city should allow small landlords
4 to defer their property taxes with either no interest
5 on the deferment or with a special coded rate set at
6 what banks charge on mortgage interest which is set
7 at 3%. Typically, 25% of our gross rent goes to
8 property taxes and that is before mortgage,
9 insurance, water, sewer and sanitation violations.
10 Our old buildings require more expensive repairs and
11 the new legislation changes that took place on June
12 15th of last year makes it cost-prohibitive to do
13 necessary repairs. If you don't help the small
14 business landlords of New York City now, we will go
15 under and you will find yourselves in a 1970 sequel
16 or worse. Thanks for your time.

17 LEGAL COUNSEL: Thank you, Mr. Miller.
18 May we hear from Tim Laughlin followed by Megan Joy
19 and Eric Dillenburg.

20 SERGEANT-AT-ARMS: The time starts now.

21 MARK LAUGHLIN: Good morning Chair
22 Gibson, Council Member Chin, members of the Finance
23 Committee. My name is Tim Laughlin. I am the
24 President of Lower East Side Partnership, the
25 Business Improvement District for the Lower East

2 Side of Manhattan. Thank you for the opportunity to
3 allow me to testify today regarding Preconsidered
4 6277. First, I'd like to thank the Council for their
5 continued support of the small business community,
6 and providing resources and assistance by way of
7 policy throughout the COVID-19 Pandemic. I'd also
8 like to particularly thank our local Council Member
9 Margaret Chin whose been a leader and in sponsoring
10 this legislation before the committee and for her
11 ongoing general support of her district especially
12 the Lower East Side. The Partnership boundaries
13 include approximately 435 properties many of which
14 are 4630, former tenement building with ground floor
15 retail and upper level residential units that have
16 characterized the Lower East Side for decades.
17 Governor Cuomo's Executive order in mid-March as you
18 know has shuttered retail, restaurants, bars and
19 other businesses with in the community forcing
20 property owners in our district to struggle to
21 maintain operations and pay their bills without rats.
22 The majority of our property owners are small
23 businesses themselves. Some of them have spoken here
24 today, many owning one or just a handful of buildings
25 as their primary source of income, and they are

important parts of the fabric of our community that ensure that New York City remains the place that it was. The proposed legislation allows owners of property an assessed value of \$250,000 to defer payments, and provide important, immediate and necessary relief. We support the bill, and we urge the Council to move forward in its passage. We do express concerns with this back to the proposed interest rate. While 7.5% is still better than 18, we concur that it is commensurate with the current money market at 3% would be more appropriate. We also just would point out that landlords regarding rent forbearance should be clarified. Many property owners have already provided unique relief in those prior agreements that they have made especially during the pandemic before any relief to them was provided should be equally considered. The Partnership strongly supports the intent of this bill. We believe this relief is necessary to prevent buildings owned by mom and pop landlords with long ties in our community from falling into the hands of giant private equity firms who lack any connection with our neighborhoods. This is what happened in 2008 to single-family homes, and we cannot allow it

2 to happen in 2020 for multi-family small owners who
3 house significant concentrations of the most
4 vulnerable New Yorkers in rent controlled and
5 stabilized apartments. I thank you for the
6 opportunity to testify and thank you again for your
7 leadership on this important issue.

8 LEGAL COUNSEL: Thank you for your
9 testimony. Before we hear from Megan Joy and Eric n
10 Dillenberger, I want to alert Anna Rosa and Jan Lee.
11 If you join us, you have registered for testimony,
12 but are not currently on-in Zoom. Perhaps you are
13 watching the live feed. So now may we hear from
14 Megan Joy followed by Eric Dillenberger.

15 SERGEANT-AT-ARMS: The time starts now.

16 MEGAN JOY: (pause) Sorry. Can you hear me
17 now?

18 SERGEANT-AT-ARMS: We can.

19 MEGAN JOY: Okay. My name is Megan Joy
20 and I'm a small business owner on the Lower East Side
21 and I just want to thank you for your time. I am in
22 support of this bill. Um, we've been out of business
23 completely closed down at all locations for over
24 three months now, and as much as the PPP loans have
25 come in handy especially now that the rules have

2 changed on them, it's really coming down to
3 individual negotiations with our landlords, and
4 depending on how leveraged they are or what their
5 financial situation is, is how much leeway they can
6 give us with rent, and, we really need their help in
7 this situation because we don't know. One, we can't
8 pay the rent for the last three months. We've only
9 had two weeks revenue for that whole time, but we
10 also don't know what's happening in the future. We
11 don't know if there is going to be a resurgence, and
12 we don't know—we—we need to not just deal with the
13 three months rent that we owe, but also what is the
14 next 18 months look like under these new conditions.
15 So, so a lot of it is coming down to, you know, not
16 just dealing with the rents, but also dealing with
17 lease negotiations to the future year and a half. So,
18 any relief that these small property owners can get
19 will be a relief to small businesses. Yes, I'd like
20 to see more clarity and forbearance because a lot—
21 we've gotten breaks on rent as it is for the last few
22 months and I'd like to see them pay a smaller
23 interest rate, and these are smaller—these are
24 smaller landlords that have ties in our community.
25 They care about our community and I don't want to see

2 them getting swallowed up by the Blackstones and the
3 Cushners of the world. That's it. Thank you for your
4 time.

5 LEGAL COUNSEL: Thank you. Eric
6 Dillenberger, please.

7 SERGEANT-AT-ARMS: The time starts now.

8 ERIC DILLENBURGER: Hello. Thank you for
9 having me. I'm the Chair of the Block Association in
10 Tribeca East District right-right on the border of
11 Chinatown, and I'm in Margaret Chin's district and I
12 do want to thank her the leadership that she's
13 showing on this-on this issue, and I want to thank
14 also, um, Yeger and Gjonaj for their comments on the
15 subject as well. Generations of families work and
16 savings are threatened by-to be wiped out by
17 theCOVID-19, um, crisis and the expense burden of
18 taking care of our properties and the housing of
19 families. The single largest component of most of our
20 expenses is often real estate taxes and the water and
21 sewer taxes, which are levied by the government and,
22 um, the formula that this tax is computed by is often
23 arbitrary and unfair. Our taxes are currently
24 compiled on income projections of our income from two
25 years ago. That role on which these were compiled no

2 longer exists. Everything has been dramatically
3 authored by COVID for everyone. I want to applaud you
4 guys and this—and the Mayor's Office for recognizing
5 that government needs to do something, but I think
6 more needs to be done. Specifically, on the late
7 payment interest for taxes, it's an 18% per annum
8 charge and as, um, Councilperson Yeger mentioned this
9 in many states would be considered usurious, and you
10 would be facing criminal charges. We recommend that
11 the late penalty rate be waived that there's a
12 moratorium passed on tax lien sales, and that the tax
13 date, the new tax date be pushed back. As we're—you
14 guys have pointed out, the government is going to
15 need every single penny that they can get coming up,
16 and there are some owners who can pay and can pay
17 early. To incentivize those owners to pay early, we
18 recommend a tax discount rate of 1.5% per month for
19 pre-payment. This could be a win-win situation, and
20 as Councilwoman Chin pointed out, there was a
21 precedence for this in the 1970s when the city's
22 revenue crisis was equivalent to what you're seeing
23 now, and so I think that, um, this could work for
24 everyone. That's all of my comments and I thank you
25 again very much for your—you hearing me today.

2 LEGAL COUNSEL: Thank you for your
3 testimony. Chair Gibson, we have now heard from all
4 members of the public who registered to testify
5 today.

6 CHAIRPERSON GIBSON: Okay, thank you so
7 much, and thank you to everyone who signed up to
8 testify for today's hearing. Thank you to all of my
9 colleagues who have joined us on the call, the
10 numbers of the public. I want to thank Public
11 Advocate Jumaane Williams for his leadership and
12 carrying this particular legislation. I also want to
13 recognize Council Member Margaret Chin for her
14 leadership in carrying this legislation as well
15 related to property tax and a payment deferment
16 system. I think it's extremely, extremely obvious
17 that we have to do more as an Administration. If you
18 listen to the testimony or many small property owners
19 who have talked about, you know, the latitude the
20 flexibility of trying to do as much as they can to
21 provide relief for their own tenants, but as owners
22 they need relief as well. We talked about smaller
23 interest rates really for the smaller property owners
24 that sometimes get swallowed by some of the larger
25 property owners, and we as a city really have to do

2 better. So, I want everyone to know all of our small
3 business owners and property owners that the City
4 Council is working extremely hard on their behalf and
5 we need you to continue to share with us ideas and
6 provide your input on what we can do as a government
7 to help provide more relief for all of you, and how
8 we can reduce some of the burdens and the challenges
9 that many of you have been confronted with as we
10 rebuild and heal as a city. I think we all
11 acknowledged that we will never be the same. COVID-
12 19, this pandemic we've lost 21,000 New York
13 residents, families and those that have been impacted
14 and lost the battle to COVID, thousands that survived
15 and we pray for them, but we know as a city that we
16 will not be the same. And so, it's going to take all
17 of us, elected officials, government, owners and all
18 stakeholders and unions and all of the
19 representatives of our businesses to really come
20 together and be creative and innovative in our
21 approach, to look at all options. Everything should
22 be on the table. We should leave no stone unturned
23 because the time is really now to provide so much
24 relief. We know that challenging times lie ahead,
25 but as the Speaker likes to say, you know, we will

2 get through this together, and this, too, shall pass,
3 and we will get through this as a community, as a
4 city, and I thank all of you for your testimony, and
5 certainly we will follow up with the agencies on a
6 number of questions that were not answered today. We
7 will reach out to OMB, MOCS as well as Department of
8 Finance. I also want to thank the Sergeant-at-Arms
9 for running a great hearing today. Thank you to the
10 Finance Division for all of our panelists and our
11 Committee Counsels for all of your work. I also want
12 to recognize Council Member Mark Treyger. Thank you
13 for joining with us on the COVID Spending Tracker
14 Bill, which we will continue to push for, and with
15 that, this hearing of the Committee on Fiance is--

16 SERGEANT-AT-ARMS: Chair Gibson, would you
17 like to recognize Council Member Chin whose hand just
18 went up.

19 CHAIRPERSON GIBSON: Oh, yes, of course.
20 Yes, Council Member Margaret Chin. Yes, for closing
21 remarks.

22 COUNCIL MEMBER CHIN: Thank you, thank
23 you Chair Gibson for chairing this hearing today ,and
24 I really want to thank my constituents here
25 especially for the Lower East Side Partnership, the

2 owner, the small businesses, Eric and all the owners
3 for coming today to tell your story and tell your
4 struggle because we've been working very hard trying
5 to get the city to understand the situation of the
6 small property owner, and how they really need to
7 relief and they've been devastated by this pandemic
8 and, and if we don't do something now, we're going to
9 lose these legacy buildings, and like we can't let
10 this happen. They provide affordable housing for our
11 city, and we need to recognize that. I mean yeah, we
12 are like why are they paying such high interest rates
13 and you lump them together with the big guys. It
14 never made sense. So, I think this an opportunity
15 for us to really start the change. This is only the
16 beginning, and we want to make this change happen
17 now, but it's got to go forward. There's got to be
18 some lasting change of how properties are being
19 assessed, and how, you know, property taxes are being
20 collected. I mean we got to really separate out
21 buildings and legacy buildings, and long-time small
22 property owners for doing the good stuff, providing
23 affordable housing versus the big guy. So, I really
24 want to thank everyone for coming today, and lets all
25 work together to make sure we bring some relief to

2 small property owners. Thank you. Thank you to the
3 Sergeant, thank you to the Finance Committee staff.

4 CHAIRPERSON GIBSON: Thank you so much
5 Council Member Chin, and thank you for your
6 leadership. In your opening you talked about, you
7 know, the devastating impact that COVID has had on
8 Chinatown and all of your district, and I appreciate
9 you bringing this legislation forward because I think
10 again we have to recognize the impact that this
11 pandemic has had on all of the smaller owners that
12 sometimes feel like they don't have a voice. So, I'm
13 grateful that they have you as their champion in the
14 Council and we are going to do this and make progress
15 together. So, I thank you Council Member Chin, and
16 thank you to all of my colleagues and once again,
17 thank you to the staff. I hope that our Finance Chair
18 Council Member Dromm is proud. We ran a great
19 hearing today. I want to than Council Member Dromm in
20 his absence. Sorry that he could not join us today,
21 but we will certainly keep in touch as the budget
22 process is underway, and we will have an adopted
23 budget by June 30th. Thank you again. This Committee
24 of the—this hearing of the Committee on Finance is
25 hereby adjourned. (gavel) Have a great afternoon

1 COMMITTEE ON FINANCE

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2 everyone, be safe and have a blessed day. Thank you,

3 guys. (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 June 17, 2020