

## TESTIMONY OF THE REAL ESTATE BOARD OF NEW YORK BEFORE THE NEW YORK CITY COUNCIL FINANCE COMMITTEE ON INTROS 1952-2020, T2020-6277 and T2020-6276

June 10, 2020

The Real Estate Board of New York (REBNY) is the City's leading real estate trade association. Founded in 1896, REBNY represents commercial, residential, and institutional property owners, builders, managers, investors, brokers, salespeople and other organizations and individuals active in New York City real estate. REBNY strongly supports policies that expand the local economy, grow and improve the City's housing stock and create greater opportunities for all New Yorkers. Thank you to the City Council for the opportunity to testify on this important legislation.

New York City property taxes have gone up nearly 50% since Mayor de Blasio took office and are set to rise again amid a severe economic and public health crisis. The pandemic has affected residential and commercial owners significantly as businesses remain shuttered, tenants struggle to pay their rents and costs for maintenance, emergency repairs, labor and insurance continue to rise.

Recently, REBNY joined a diverse group of business and property owners, civic leaders and community advocates to call on the de Blasio Administration and City Council to provide property tax relief to offset rising expenses and economic instability resulting from the COVID-19 pandemic. This group consisted of the NAACP NYS Conference, the Council of New York Cooperatives & Condominiums, the Hospitality Alliance, the Hotel Association of NYC, Building Owners and Managers Association, the Community Housing Improvement Program and the Brooklyn and Queens Chambers of Commerce. Given our collective advocacy, we are especially appreciative of the Council's willingness to address property taxes and provide many property owners and small businesses with much needed relief in this trying and difficult time.

In addition to the bills being considered today, REBNY would like to outline three proposals that would provide considerable relief. These include:

1. Freezing property tax rates and assessments so that tax bills do not increase.
2. Reducing interest penalties from 18% to 3% for the COVID-period.
3. Allowing all property owners to pay their taxes on monthly payment plans.

While the legislation being considered today does lay a framework surrounding these ideas, REBNY believes that we can provide greater relief for New Yorkers through the above means.

**BILL:** Intro 1952-2020

**SUBJECT:** Creation of a database to track the expenditure of funds in connection with COVID-19.

**SPONSORS:** Council Members Gibson, Treyger, Lander, Brannan, Rosenthal, Kallos, Louis, Richards, Rose, Moya, Chin and Koo.

Introduction 1952-2020, sponsored by Councilwoman Vanessa Gibson, would require the City to create a public database on its website that would track expenditures of federal, state and local funds for addressing COVID-19, including city procurement contracts, grants and loans.

REBNY routinely supports proposals that aim to provide greater transparency for the public and how tax dollars are spent. This legislation is especially critical as we see firsthand the disparate impact of this crisis on communities of color and the need to prioritize the health of New Yorkers in a more equitable way. As the economy continues to struggle and public dollars are at a premium, additional oversight on how these dollars are spent is sensible.

**BILL:** T2020-6277

**SUBJECT:** Deferral of property tax liability on real property with an assessed value exceeding two hundred fifty thousand dollars owned by certain property owners impacted by COVID-19.

**SPONSORS:** Council Member Chin

**BILL:** T2020-6276

**SUBJECT:** Deferral of property tax liability on real property with an assessed value of two hundred fifty thousand dollars or less owned by certain property owners impacted by COVID-19.

**SPONSORS:** The Public Advocate and Council Members Kallos and Lander.

Pre-Introduction T2020-6277, sponsored by Council Member Margaret Chin, would require the Department of Finance to offer agreements to defer real property tax liability for the installment of real property tax otherwise due and payable as of July 1, 2020. The deferrals would be available to owners of real property with an assessed value exceeding \$250,000 which either (1) was occupied by an active business or trade on March 7, 2020 that became subject to seating, occupancy or on-premises service limitations pursuant to an executive order issued by the governor or mayor between March 7, 2020 and June 30, 2020 or (2) experienced an unexpected decline in income during the period March 1, 2020 through June 30, 2020.

The interest rate imposed on the deferred property tax would be the same as the interest rate set by the commissioner of finance on underpayments of general corporation tax, or 9%. The deferral agreement would require that the property owner pays 25% of the taxes due on July 1, 2020 by October 1, 2020 and the remainder by May 1, 2021. Further, the agreement would require the property owner to provide to any commercial, residential, or institutional tenant or lessee at the subject property a forbearance on rent with an interest rate on late rent not to exceed one-quarter the rate applicable to the property owner's own unpaid deferred taxes.

Pre-Introduction T2020-6276, sponsored by Public Advocate Jumaane Williams, would require the Department of Finance to offer agreements to defer real property tax liability, without interest or penalty, for the installment of real property tax otherwise due and payable as of July 1, 2020, until October 1, 2020. These agreements would be offered to eligible property owners that own real property with an assessed value of \$250,000 or less that serves as their primary residence, have experienced economic hardship relating to COVID-19, would be \$200,000 or less. This bill would further increase the income threshold to \$200,000 for eligibility for the department's extenuating circumstances income-based installment agreement.

These two bills lay a critical foundation in providing much needed property relief. REBNY appreciates the Council's commitment to addressing the needs of property owners and small businesses, including small business tenants. However, we believe that there are key areas that can be improved. REBNY and our coalition partners have called for a decrease to 3% during the COVID-19 period to ensure the City helps property owners weather this crisis. While it is appreciated that the legislation aims to lower interest rates on late payments from 18% to 9%, this rate will still hurt many New Yorkers that genuinely do not have the means to pay.

While property taxes are one of the largest expenses for most property owners, costs like utilities, maintenance, emergency repairs, labor and insurance have not been frozen during this time. Rent is utilized to pay for most of these costs, and the inability to collect rent has left many property owners, especially smaller building owners, in dire straits. The legislation needs to provide clarity on the levels of forbearance offered to tenants in order to receive this much-needed property tax deferral. Requiring a full forbearance still leaves property owners with no other income to address these other crushing costs. While REBNY supports opportunities to provide much-needed rent relief to tenants, these proposals need to take into consideration the delicate ecosystem that allows for New Yorkers to have quality housing and commercial space. REBNY believes that greater stability could be provided to property owners by ensuring that tax rates and assessments do not increase. We encourage the Council to consider this proposal as part of their legislative and budget discussions.

In closing, REBNY supports the Council's efforts in aiming to provide transparency and needed property tax relief to the many New Yorkers facing COVID-19 hardship. Our city is at a crossroads and by working together we will overcome these obstacles to become a more resilient and equitable city. REBNY looks forward to working with the Council to strengthen this legislative package.

Thank you.

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