

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON FINANCE

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November 17, 2010
Start: 10:15 am
Recess: 10:55 am

HELD AT: Council Chambers
City Hall

B E F O R E: DOMENIC M. RECCHIA, JR.
Chairperson

COUNCIL MEMBERS:
Vincent Ignizio
Julissa Ferreras
James S. Oddo
Karen Koslowitz
Fernando Cabrera
Robert Jackson
Helen D. Foster
Diana Reyna
James G. Van Bramer
Gale A. Brewer
Leroy G. Comrie, Jr.
Lewis A. Fidler
Joel Rivera

A P P E A R A N C E S

COUNCIL MEMBERS:

Albert Vann

G. Oliver Koppell

Darlene Mealy

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

Emra Adev
Senior Legislative Analyst
Finance Division

Nadine Felton
Consultant
Finance Division

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2 CHAIRPERSON RECCHIA: Good morning
3 and welcome to today's Finance hearing. My name
4 is Domenic M. Recchia, Jr., I'm the Chair of this
5 wonderful Committee. As we get started, I want to
6 welcome everyone to this beautiful hearing room.

7 To my left, we have Vincent
8 Ignizio, Julissa Ferreras--I'm getting better?

9 COUNCIL MEMBER FERRERAS: Yeah.

10 CHAIRPERSON RECCHIA: Jimmy Oddo,
11 Tanisha Edwards, our wonderful attorney, Karen
12 Koslowitz, and Mr. Cabrera. Oh, and Rob Jackson,
13 okay.

14 I want to thank the finance staff
15 for all their hard work that they have done in
16 putting this hearing together, and they always
17 work extremely hard behind Jeff Rodus and Preston
18 Niblack, and Latonia, where's Latonia, she's here.

19 Let's first get started with the
20 Transparency Resolution. This Transparency
21 Resolutions makes mostly technical corrections to
22 the designations listed in the Fiscal 2011
23 Schedule C and the designates new organizations
24 under the faith-based initiative. For
25 clarification purposes, it is to be noted that the

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2 organizations appearing in the resolutions that
3 have not yet completed the pre-qualification
4 process conducted by the Mayor's Office of
5 Contract Services, by the Council, or other
6 government agencies are identified in the attached
7 charts with an asterisk.

8 Additionally, as with all
9 Transparency Resolutions, Council Members would
10 have to sign a disclosure form indicating whether
11 or not a conflict exists with any of the groups on
12 the attached list. If any Council Member has
13 potential conflict of interest with any
14 organization listed, he or she may want to
15 disclose the conflict at the time of their vote.

16 We also have an expense
17 modification that is related to the Transparency
18 Resolution, as well as past Transparency
19 Resolution. This modification is our first budget
20 modification since we adopted the Fiscal 2011
21 Expense Budget in June. This modification
22 reallocates appropriations that were reflected in
23 the FY 2011 adopted budget to fund City Council
24 initiatives. This modification only includes
25 Council-related items and does not include any

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items from the administration.

Without the modification, many organizations would not get their funding. Items in today's transparency resolution that require budget modification order for their funding to move forward are referenced in the charts with a double asterisk.

Now let's move on to the six Land Use items. The first five Land Use items are Article XI and property tax exemptions. The first one, the Coney Island Towers is in my district, the Coney Island Towers is an acquisition and rehab of a building that was once in the Mitchell Lama program but now has been purchased by the Coney Island HDFC that will rehabilitate the property. The Coney Island Towers is one building that will provide 360 units of rental housing for middle income families.

I just want to comment on that, that is a building that went out of the Mitchell Lama program and now it's going back into the Mitchell Lama program, and that was a very, very hard job. I fought for this for years and I just want to thank the not-for-profit that is coming in

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and came up with the funding for it.

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COUNCIL MEMBER JACKSON: No.

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CHAIRPERSON RECCHIA: Okay. And I want to recognize the Council Member from the Bronx, Helen Foster, welcome.

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The next item is in Council Member Rivera's district, this item is located at 2172 Anthony Avenue and will receive a property tax exemption for the rehab of 1 building with 21 units of rental housing for low income families.

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The next item is in Council Member Rivera's district again, the West Farms Square is located in the Bronx and will receive a property tax exemption for the rehab of 8 buildings with 438 units of rental housing for low income families.

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Followed by another project in

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2 Council Member Vann Bramer's district, this is
3 located at 44-20 64th Street in Queens and will
4 receive a property tax exemption for the rehab of
5 1 building with 77 units of rental housing for
6 elderly persons of low income.

7 The last Land Use item is in
8 Council Member Sanders district and will receive a
9 property tax exemption under section 202 of
10 supportive housing for the elderly. That's a
11 federal program, 202, that's a HUD. The Allen by
12 the Bay property is located at 22-14 Loretta Road
13 in Queens and will receive a property tax
14 exemption for the rehab of 1 building with 65
15 units of rental housing for elderly persons of low
16 income.

17 Our last three items on the agenda
18 are three tax fixing resolutions for the benefit
19 of the public and my colleagues. I'll speak
20 briefly on the tax fixing process.

21 The class share is the portion or
22 percent of the real estate taxes or levy raised
23 each year borne by each of the four classes of
24 property. That percent changes each year based on
25 formulas and procedures in state law which take

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2 into account changes in the relative market value
3 for each class.

4 Governor Paterson recently signed
5 legislation passed by the legislature at the
6 Council's request setting the class shares cap for
7 the FY 2011 property tax at 2.5, rather than state
8 law default of 5 %. If we did not vote, it would
9 be at 5 %, we are bringing it down, today's vote
10 is to bring it down.

11 However, because the legislature
12 has not acted on the legislation at the time we
13 adopted the FY 2011 budget, the Council had to
14 adopt the rates at 5 % cap. In addition, because
15 of the late budget adoption, the Department of
16 Finance had to send property tax bills in early
17 June based on last year's 2010 rates. Now that
18 the 2011 class share legislation has been signed,
19 the Council must act to amend the FY 2011 tax
20 rate. At that point, the Department of Finance
21 will send out revised bills for the second half of
22 the year.

23 What this means that under the
24 amended law, no class shares of the real property
25 tax levy can increase by more than 2.5 % from last

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2 year's share. If the 2.5 % cap were not adopted,
3 then the 5 % cap would apply and the typical
4 taxpayer bill for a Class 1 property would be \$90
5 higher, Class 2 is not affected by this action.

6 So today, we are amending the three
7 property tax fixing resolutions adopted on June
8 29th to help make New York City a little more
9 affordable for Class 1 homeowners. I urge all of
10 my colleagues to vote yes--repeat, I urge all of
11 my colleagues to vote yes on these amended
12 property tax resolution.

13 Nadine and Emra from the Finance
14 Division are available to answer any questions you
15 may have on the property tax resolutions and
16 Preston Niblack, the Director of the Finance
17 Division, is here to any other questions on the
18 budget modifications.

19 Before we move forward with the
20 questions and let the Finance staff make a little
21 presentation, I'd like to recognize Diana Reyna,
22 Jimmy Van Bramer, and Gale Brewer.

23 [Pause]

24 CHAIRPERSON RECCHIA: Okay. Now--

25 [Crosstalk]

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MALE VOICE: --members feel good.

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CHAIRPERSON RECCHIA: All right.

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MALE VOICE: Who, no boo?

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CHAIRPERSON RECCHIA: Okay. So

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does anyone have any questions dealing with the

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property tax issue?

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[Off mic]

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CHAIRPERSON RECCHIA: Course our

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staff is here, would you like--would anyone like

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to ask a question or need clarification on

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anything?

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[Off mic]

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CHAIRPERSON RECCHIA: I recognize

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Rob Jackson.

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COUNCIL MEMBER JACKSON: Well thank

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you. While I'm in favor of the matter in front of

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us, I want to ask a question, I guess. What if

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the City Council did not approve this, what would

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the effect be on taxpayers?

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NADINE FELTON: Identify yourself.

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EMRA ADEV: I'm Emra Adev

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[phonetic], I'm Senior Legislative Analyst with

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the Finance Division. If we didn't act--if the

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Council did not act to pass this, the Class 1

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2 property interest tax bill would be \$9 higher for
3 this fiscal--\$90 higher for this fiscal year on
4 average than it would be otherwise. For the other
5 classes, there's no impact on Class 2, their
6 bill's going to be the same this year, whether we
7 act or not; Class 3 and 4, if we did not act would
8 actually have a lower bill than they would if we
9 do act.

10 COUNCIL MEMBER JACKSON: So what
11 I'm hearing is that Class 1, which is 1, 2, and 3-
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13 EMRA ADEV: Correct.

14 COUNCIL MEMBER JACKSON: --family
15 homeowners, their tax bill will go up
16 approximately \$90?

17 EMRA ADEV: If we don't act.

18 COUNCIL MEMBER JACKSON: If we
19 don't act. Class 2, there's no--

20 EMRA ADEV: No change.

21 COUNCIL MEMBER JACKSON: --impact,
22 and Class 3 or 4, their tax bill would go down.

23 EMRA ADEV: Yeah, if we don't--I
24 mean, this action is going to raise their bill a
25 little bit.

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COUNCIL MEMBER JACKSON: When you say their bill--

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EMRA ADEV: [Interposing] For Classes 3 and 4.

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COUNCIL MEMBER JACKSON: A little bit.

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EMRA ADEV: Right.

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COUNCIL MEMBER JACKSON: But a little bit and is that--if you compare that little bit of Class 3 and 4, compared to the \$90 in Class 1, is it smaller than a percentage wise of that or what? In essence, would the largest bite increase be on property Class 1 property owners?

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NADINE FELTON: Here's the tax [off mic].

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EMRA ADEV: Do you want to...?

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NADINE FELTON: Yeah, I'm Nadine Felton, consultant to Emra and the Finance Division. Yeah, the tax rate, the largest bite would be on Class 1, exactly. Class 3 and 4 would get a little less in savings as a result of the-- their tax rates are still going down for Class 3 and 4 compared to last year; Class 1 and Class 2's tax rates are going up, but Class 2 is not

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2 affected by the cap on class share increases, it
3 doesn't affect them, the lower cap, it's only
4 Class 1, and so it would be a larger bite on Class
5 1 if we did not act.

6 COUNCIL MEMBER JACKSON: So by
7 acting then, we will be, in essence, helping to
8 reduce the tax burden on Class 1, which is 1, 2,
9 and 3 family homeowners, is that correct?

10 EMRA ADEV: That's correct.

11 COUNCIL MEMBER JACKSON: Okay.
12 Thank you, thank you.

13 CHAIRPERSON RECCHIA: Okay. Thank
14 you, Rob Jackson. I'd like to recognize Leroy
15 Comrie has joined us, Lewis Fidler has joined us,
16 Joel Rivera, and Al Vann.

17 Does any other member have any
18 question on the tax issue?

19 [Off mic]

20 CHAIRPERSON RECCHIA: Not seeing no
21 other member, does anyone have a question on the
22 mod? No one having a question? Okay. Since no
23 one has a question, I couple all items on the
24 calendar, six Land Use items, three property tax
25 resolution, and one budget modification, one

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2 Transparency Reso. Remind members to make
3 disclosures at the time of their vote.

4 Also, to remind everyone next
5 Tuesday, the Finance Committee will meet at 10
6 a.m. in the 14th floor conference room to have an
7 oversight hearing on the Banking Commission. This
8 is an entity responsible for choosing banks that
9 city deposit its money, it's going to be a very,
10 very interesting hearing. I believe this is the
11 first time the Finance Committee is having a
12 hearing on the Banking Commission. And we will
13 explore different revenues and ways that we can
14 improve the Banking Commission and what they can
15 and cannot do. I strongly urge all my Council
16 Members to attend.

17 At this time, I urge everyone to
18 vote aye on all matters. Billy, could you please
19 call the vote.

20 [Pause]

21 WILLIAM MARTIN: William Martin,
22 Committee Clerk, roll call vote in the Committee
23 on Finance. Council Member Recchia.

24 CHAIRPERSON RECCHIA: Aye.

25 WILLIAM MARTIN: Rivera.

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COUNCIL MEMBER RIVERA: I vote aye.

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WILLIAM MARTIN: Reyna.

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COUNCIL MEMBER REYNA: I vote aye.

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WILLIAM MARTIN: Brewer.

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COUNCIL MEMBER BREWER: Aye, and

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I'm [off mic].

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[Pause]

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WILLIAM MARTIN: Comrie.

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COUNCIL MEMBER COMRIE: Aye.

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WILLIAM MARTIN: Fidler.

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COUNCIL MEMBER FIDLER: Aye.

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[Pause]

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WILLIAM MARTIN: Foster.

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COUNCIL MEMBER FOSTER: Aye, and I

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need to disclose--

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[Pause]

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COUNCIL MEMBER FOSTER: Aye, and I

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need to disclose that one of the HIV/AIDS faith-

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based initiatives is Christ Church, which I

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attend, where my father is the senior pastor and

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there are a number of churches on the list where I

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am very familiar with the churches and the

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pastors, so disclosing that.

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WILLIAM MARTIN: Jackson.

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2 COUNCIL MEMBER JACKSON: Aye on
3 all.

4 WILLIAM MARTIN: Koppell.

5 COUNCIL MEMBER KOPPELL: Aye.

6 WILLIAM MARTIN: Vann.

7 COUNCIL MEMBER VANN: Aye.

8 WILLIAM MARTIN: Ferreras.

9 COUNCIL MEMBER FERRERAS: Aye.

10 WILLIAM MARTIN: Cabrera.

11 COUNCIL MEMBER CABRERA: Aye.

12 WILLIAM MARTIN: Koslowitz.

13 COUNCIL MEMBER KOSLOWITZ: Aye.

14 WILLIAM MARTIN: Van Bramer.

15 COUNCIL MEMBER VAN BRAMER: Aye.

16 WILLIAM MARTIN: Ignizio.

17 COUNCIL MEMBER IGNIZIO: Yes, I
18 just want to vote no on the tax fixing
19 resolutions, I believe, despite the attempts of
20 the Council, it did not and does not go far
21 enough. We could have altered it to have a zero
22 increase, which is what I'm advocating for. And
23 that being not the case, I am voting no on the tax
24 fixing resolutions and aye on all others.

25 WILLIAM MARTIN: Oddo.

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2 COUNCIL MEMBER ODDO: I associate
3 myself with the comments of Council Member Ignizio
4 and vote no on the tax fixing resolutions and yes
5 on all others.

6 WILLIAM MARTIN: All items on
7 today's agenda are adopted by a vote of 16 in the
8 affirmative, zero in the negative, and no
9 abstentions, with the exception of the three
10 Preconsidered Tax Fixing Resolutions which are
11 adopted by a vote of 14 in the affirmative, two in
12 the negative, and zero abstentions. Council
13 members, please sign all committee reports, thank
14 you.

15 CHAIRPERSON RECCHIA: The vote will
16 remain open until 11 o'clock.

17 [Pause]

18 CHAIRPERSON RECCHIA: Rules up
19 next.

20 [Off mic]

21 CHAIRPERSON RECCHIA: Oh, okay. I
22 just want to correct--Jerry.

23 [Long pause]

24 [Off mic]

25 FEMALE VOICE: I don't care.

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[Pause]

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WILLIAM MARTIN: Council Member

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Mealy.

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COUNCIL MEMBER MEALY: Yes.

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WILLIAM MARTIN: Final vote on the

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Committee on Finance is all items are adopted by a

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vote of 17 in the affirmative, zero in the

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negative, no abstentions, except for the three

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Preconsidered Tax Fixing Resolutions, which are

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adopted now by a vote of 14--excuse me, 15 in the

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affirmative, two in the negative, and zero

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abstentions.

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[Pause]

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MALE VOICE 1: Close the meeting.

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COUNCIL MEMBER RIVERA: All right,

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the meeting is closed.

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MALE VOICE 1: Thank you.

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C E R T I F I C A T E

I, Tammy Wittman, certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature *Tammy Wittman*

Date December 8, 2010