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THE NEW YORK CITY COUNCIL
LATONIA MCKINNEY, DIRECTOR, FINANCE DIVISION

COMMITTEE ON FINANCE
HON. DANIEL DROMM, CHAIR

June 30, 2021

PROPOSED INT. NO. 2331-A: By Council Members Chin and Riley

TITLE: A Local Law to authorize adoption by resolution of an interest rate for nonpayment of taxes on real property with an assessed value over two hundred fifty thousand dollars in fiscal year 2022 for certain property owners adversely affected by COVID-19

PROPOSED INT. NO. 2350-A: By Council Members Moya and Riley

TITLE: A Local Law to authorize adoption by resolution of an interest rate for nonpayment of taxes on real property with an assessed value of two-hundred and fifty thousand dollars or less in fiscal year 2022 for property owners adversely affected by COVID-19

I. Introduction

On June 30, 2021, the Committee on Finance, chaired by Council Member Daniel Dromm, will hold a second hearing to consider two pieces of legislation relating to providing late payment interest rate relief for certain COVID-19-impacted property owners unable to pay their real property tax due between July 1, 2021 and December 31, 2021. At a first hearing of the bills on June 11, 2021, the Committee heard testimony from representatives from the Department of Finance (DOF).

The legislation that will be heard includes the following bills: Proposed Int. No. 2331-A, sponsored by Council Member Chin, a local law to authorize adoption by resolution of an interest rate for nonpayment of taxes on real property with an assessed value over two hundred fifty thousand dollars in fiscal year 2022 for certain property owners adversely affected by COVID-19; and Proposed Int. No. 2350-A, sponsored by Council Member Moya, A Local Law to authorize adoption by resolution of an interest rate for nonpayment of taxes on real property with an assessed value of two-hundred and fifty thousand dollars or less in fiscal year 2022 for property owners adversely affected by COVID-19.

II. Background

Novel coronavirus COVID-19 was first confirmed in New York City on March 1, 2020.¹ On March 7, 2020 Governor Cuomo issued Executive Order No. 202 declaring a state disaster emergency for New York State in an effort to contain the spread of the virus.² On March 11, 2020

¹ Governor Cuomo Issues Statement Regarding Novel Coronavirus in New York, Mar. 1, 2020, *available at*: <https://www.governor.ny.gov/news/governor-cuomo-issues-statement-regarding-novel-coronavirus-new-york>.

² New York State, Governor Andrew M. Cuomo, Executive Order No. 202: Declaring a Disaster Emergency in the State of New York, https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/EO_202.pdf.

the World Health Organization (WHO) characterized COVID-19 as a pandemic.³ On March 12, 2020 Mayor de Blasio issued Emergency Executive Order No. 98 declaring a state of emergency in New York City.⁴

New York State's COVID-19 PAUSE and Reopening

In an effort to manage the spread of the virus, Governor Andrew Cuomo issued an executive order,⁵ and subsequent continuing executive orders, to bring the State to a “PAUSE,” which ordered the closing of all businesses deemed “nonessential.”⁶ The initial “PAUSE” order was issued on March 7, 2020, and businesses began to close or were required to reduce the number of in-person employees commencing on that date.⁷ The closure of “nonessential” businesses eventually became applicable to 100 percent of employees at all nonessential businesses at 8:00 p.m. on March 22, 2020.⁸

On June 8, 2020, around when New York City's daily count of new cases first fell below 1,000, the local “PAUSE” started to lift, with Phase 1 of a four-part gradual reopening plan permitting the re-opening of construction, retail, manufacturing, and wholesale trade, subject to Empire State Development guidelines to maximize safety and social distancing.⁹ The City was permitted to proceed through the reopening stages over last summer, and additional restrictions

³ Press Release, World Health Organization, WHO Director-General's opening remarks at the media briefing on COVID-19 (March 11, 2020), available at: <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020> (last accessed on June 7, 2021).

⁴ New York City, Mayor Bill de Blasio, Executive Order No. 98: Declaration of Local State Emergency (March 12, 2020), available at <https://www1.nyc.gov/assets/home/downloads/pdf/executive-orders/2020/eo-98.pdf>.

⁵ See *id.* at *supra* note 3.

⁶ See *id.*

⁷ See *id.*

⁸ N.Y. Exec. Order No. 202.8 (Mar. 20, 2020), available at: https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/EO_202.8.pdf.

⁹ Governor Cuomo Announces New York City to Enter Phase 1 of Reopening on June 8 and Five Regions Enter Phase 2 of Reopening Today (May 29, 2020), available at <https://www.governor.ny.gov/news/governor-cuomo-announces-new-york-city-enter-phase-1-reopening-june-8-and-five-regions-enter>; see also, New York Forward: New York City Phase One Industries (retrieved Jun. 8, 2020), <https://forward.ny.gov/new-york-city-phase-one-industries>.

were lifted last fall, including the resumption of indoor dining at 25% capacity on September 30, 2020.¹⁰ However, as COVID-19 caseloads again increased with the advent of colder weather and more activities occurring indoors, hospital capacity again became constrained and progress toward reopening was reversed, including the suspension of all indoor dining as of December 14, 2020.¹¹ That same day, however, brought the hopeful news of first COVID-19 vaccination in the United States administered outside of a clinical trial setting, in a Queens hospital to a nurse who worked there.¹²

The subsequent rollout of vaccinations became critical to the suppression of the second wave, which peaked at nearly 8,000 new cases in January 2021, fell to a plateau of nearly 4,000 new cases a day throughout March, and declined to about 2,000 cases per day at the end of April.¹³ Soon thereafter, Governor Cuomo, together with the governors of New Jersey and Connecticut, announced that the suppression of the second wave again made it possible to lift many of the remaining capacity restrictions as of May 19, 2021.¹⁴ On June 7, 2021, Governor Cuomo announced that New York's vaccination rate was at 68.6% and that he would drop virtually all remaining COVID-19 restrictions when the state's vaccination rate hits 70%.¹⁵

¹⁰ Governor Cuomo Announces Indoor Dining in New York City Allowed to Resume Beginning September 30 with 25 Percent Occupancy Limit (Sept. 9, 2020), *available at*: <https://www.governor.ny.gov/news/governor-cuomo-announces-indoor-dining-new-york-city-allowed-resume-beginning-september-30-25>.

¹¹ Governor Cuomo Announces Updated Zone Metrics, Hospital Directives and Business Guidelines (Dec. 11, 2020), *available at*: <https://www.governor.ny.gov/news/governor-cuomo-announces-updated-zone-metrics-hospital-directives-and-business-guidelines>.

¹² Sharon Otterman, "'I Trust Science,' Says Nurse Who Is First to Get Vaccine in U.S.," NY TIMES (Dec. 14, 2020), *available at*: <https://www.nytimes.com/2020/12/14/nyregion/us-covid-vaccine-first-sandra-lindsay.html>.

¹³ Sharon Otterman and Joseph Goldstein, "New York's Spring of Optimism: Finally, the Second Virus Wave Is Ebbing," NY TIMES (Apr. 28, 2021), *available at*: <https://www.nytimes.com/2021/04/28/nyregion/covid-cases-new-york-city-second-wave.html>.

¹⁴ Governor Cuomo, Governor Murphy and Governor Lamont Announce Significant Easing Of COVID-19 Pandemic Restrictions on Businesses, Gatherings and Venues (May 3, 2021), *available at*: <https://www.governor.ny.gov/news/governor-cuomo-governor-murphy-and-governor-lamont-announce-significant-easing-covid-19>.

¹⁵ Governor Cuomo Announces Most Remaining COVID-19 Restrictions to Be Lifted When 70% of Adult New Yorkers Have Received First Dose of COVID-19 Vaccine (June 7, 2021), *available at*: <https://www.governor.ny.gov/news/governor-cuomo-announces-most-remaining-covid-19-restrictions-be-lifted-when-70-adult-new>.

Economic Effects of COVID-19 PAUSE on Homeowners, Tenants, and Landlords

The pandemic shutdown unleashed economic shocks that had immediate, widespread negative impact on the City’s homeowners, residential and commercial rental tenants, and residential and commercial property owners.

According to the Independent Budget office, testifying before the Council on March 2, 2021, “the [March 2020] shutdown of many local businesses triggered an economic crisis that left tens of thousands of residents out of work. New York City lost 557,000 jobs between the end of 2019 and the end of 2020, with many of those lost jobs in the restaurant, retail, and tourism sectors—jobs held by people in households and communities also enduring the worst of the pandemic.”¹⁶

Many New York homeowners who lost their jobs, or were otherwise impacted by COVID-19, became delinquent on their mortgages.¹⁷ However, widespread default and foreclosure was largely avoided because of federally-mandated lender forbearance and a state foreclosure moratorium.¹⁸ Under the March 27, 2020 Coronavirus Aid, Relief, and Economic Security

¹⁶ Testimony of the Independent Budget Commission before the New York City Council Committee on Finance and the Subcommittee on Capital Budget on the New York City Preliminary Budget for Fiscal Year 2022, Mar. 2, 2021, available at: <https://ibo.nyc.ny.us/iboreports/ibo-prelimianry-budget-testimony-march-2021.pdf>.

¹⁷ At the end of 2020 an average 11.8% (533,313) of New York State homeowners were delinquent on their mortgages, according to US Census data. This rate is over three times the last high of 3.8% in January 2009 at the height of the Great Recession; and over five times the delinquency rate of January 2020 of 2.2%. Senator Brian Kavanaugh, Press Release: “Forwarding: Half a Million NYers in Danger of Displacement Due to COVID-19--Coalition Calls on Lawmakers to Permanently Fund Homeowner Protection Program,” Mar. 3, 2021, available at: <https://www.nysenate.gov/newsroom/press-releases/brian-kavanagh/forwarding-half-million-nyers-danger-displacement-due-covid>.

¹⁸ Andrew Haughwout et al., “Keeping Borrowers Current in a Pandemic,” Liberty Street Economics blog of the Federal Reserve Bank of New York, May 19, 2021, available at: <https://libertystreeteconomics.newyorkfed.org/2021/05/keeping-borrowers-current-in-a-pandemic.html>. Haughwout notes several federal agencies subsequently granted extensions: “Specifically, borrowers with mortgages backed by the government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac can request up to two additional three-month extensions (for a maximum of eighteen months of total forbearance) if they were in an active forbearance plan as of February 28, 2021, while borrowers with mortgages backed by the Department of Housing and Urban Development/Federal Housing Administration (HUD/FHA), the U.S. Department of Agriculture (USDA), or the Department of Veterans Affairs (VA) can enroll in forbearance until June 30, 2021, and receive up to eighteen months of total forbearance.”

(CARES) Act, borrowers with federally-backed mortgages could request up to twelve months of forbearance if they experienced financial hardship because of COVID-19.¹⁹ Moreover, on December 28, 2020 New York State passed a foreclosure moratorium through May 1, 2021, that has since been extended until August 31, 2021.²⁰ Still, COVID-impacted homeowners often face other economic challenges including consumer debt and other liabilities arising from the pandemic's economic shocks and many will have difficulty paying their real property taxes.²¹

New York renters have also had difficulty paying for their housing,²² although there have been a series of overlapping eviction moratoria that have prevented them from being evicted. The CARES Act included an eviction moratorium for March 27, 2020 through August 23, 2020, under which covered tenants could not be forced to vacate, and landlords could not file notices to vacate.²³ Two weeks after the expiration of the CARES moratorium, on September 4, 2020, the Centers for Disease Control and Prevention (CDC) imposed a nationwide federal moratorium on

¹⁹ *See Id.*

²⁰ *See*, COVID-19 Emergency Eviction and Foreclosure Prevention Act of 2020, Laws of New York Chap. 381 of 2020, as extended by Laws of New York Chap. 104 of 2021.

²¹ *See* Haughwout, *supra* note 17.

²² Indeed, rent burdens, limited affordable housing options, and evictions are issues that plagued significant shares of the population before the COVID-19 pandemic, particularly communities of color and low-income populations. Marisa Casellas-Barnes, White Paper: The COVID-19 Eviction Cliff: Key Issues and Insights to Help Mitigate a Crisis, Federal Reserve Bank of New York, Dec. 22, 2020, *available at*: <https://www.newyorkfed.org/medialibrary/media/outreach-and-education/evictions-white-paper-12-2020>. These populations were hardest hit both by the disease itself and the pandemic's economic effects.

²³ *See* Congressional Research Service, "Federal Eviction Moratoriums in Response to the COVID-19 Pandemic", updated March 30, 2021, *available at*: <https://crsreports.congress.gov/product/pdf/IN/IN11516>. The CARES Act's eviction protections only apply to "covered dwellings," which are rental units in properties: (1) that participate in federal assistance programs, (2) are subject to a "federally backed mortgage loan," or (3) are subject to a "federally backed multifamily mortgage loan." Covered federal assistance programs include most rental assistance and housing grant programs, including public housing, Housing Choice Vouchers, Section 8 Project-Based Rental Assistance, rural housing programs, and the Low Income Housing Tax Credit (LIHTC) program. A "federally backed mortgage loan" is a single-family (1-4 units) residential mortgage owned or securitized by Fannie Mae or Freddie Mac or insured, guaranteed, or otherwise assisted by the federal government. The term includes mortgages insured by the Federal Housing Administration and the Department of Veterans Affairs, and the Department of Agriculture's direct and guaranteed loans. The act defines a "federally backed multifamily mortgage loan" almost identically to "federally backed mortgage loan" except that it applies to properties designed for five or more families. *See* Congressional Research Service, "CARES Act Eviction Moratorium", Apr. 7, 2020, *available at*: <https://crsreports.congress.gov/product/pdf/IN/IN11320>.

residential evictions for nonpayment of rent. Initially in effect through December 31, 2020, the moratorium was subsequently extended through June 30, 2021.²⁴ Simultaneously, New York State implemented a residential eviction moratorium on December 28, 2020, which was set to expire on May 1, 2021, and which was subsequently extended until August 31, 2021.²⁵

While these moratoria have helped to keep tens of thousands of New York renters in their homes, many are burdened by catastrophic rent arrears, estimated to exceed \$2 billion as of January, 2021.²⁶ A study by the Furman Center of nearly 19,000 units mostly occupied by lower-income New Yorkers found that between February 2020 and February 2021, more than nine out of ten properties saw an increase in average rental balance per occupied unit.²⁷ More than 55% had unpaid rent and the average amount owed had increased by 66% to \$3,435.²⁸ By contrast the average debt in February 2019 was only \$1,654.²⁹ About 20% of the sample group owe more than \$3,000, and more than 5% are behind at least \$10,000.³⁰ More recently, members of the Community Housing Improvement Program, mostly small and mid-sized owners of rent-regulated units, reported that 17% of tenants paid no rent in May 2021, with 11% more than two months

²⁴ *Id.* In the last weeks of the CDC moratorium, a federal judge vacated the moratorium on the grounds that it exceeded the agency's authority -- but has stayed its order pending further arguments. See *Alabama Assoc. of Realtors v. U.S. Dep't of Health and Human Servs.*, Order, and Order Staying Order, May 5, 2021, D.D.C., No. 20-cv-3377.

²⁵ See COVID-19 Emergency Eviction and Foreclosure Prevention Act of 2020, Laws of New York Chap. 381 of 2020, as extended by Laws of New York Chap. 104 of 2021.

²⁶ A January 2021 survey, conducted by the Community Housing Improvement Program, a landlord trade group, focused on New York buildings subject to the city's rent-regulation laws. These apartments account for about half of the city's total rental apartments. Tallying responses from landlords, the group estimated that as many as 185,000 households living in these apartments are more than two months behind on rent, with an average debt of more than \$6,000. The survey also found that 5.64% of tenants are more than \$15,000 in arrears, or more than 11 months behind on average rent. Jay Martin, executive director of CHIP, said rent debt from the rest of New York's apartment inventory is probably the same or greater, meaning the total debt New York City renters are carrying is likely more than \$2 billion. Will Parker, "New York City Renters Owe More Than \$1 Billion in Unpaid Rent, Survey Finds," WALL ST. J., Jan. 14, 2021, available at: <https://www.wsj.com/articles/new-york-city-renters-owe-more-than-1-billion-in-unpaid-rent-survey-finds-11610622000>.

²⁷ NYU Furman Center, "The State of New York City's Housing and Neighborhoods: 2020 Focus on Renters and Recovery", May 26, 2021, available at: <https://furmancenter.org/stateofthecity/state-of-the-city-2020/>.

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.*

behind and 4% owing more than \$15,000.³¹

The March 11, 2021 American Rescue Plan Act (ARPA), will provide \$22 billion in rental housing assistance, \$2.7 billion of which has been allocated to New York State, to qualifying households needing support paying current and/or past-due rent as well as past due utilities.³² Qualifying households must have suffered from a loss of income related to the pandemic and be at or below 80% of Area Median Income (AMI) – for 2021 in New York City, \$66,880 for an individual or \$95,440 for a family of four. Those who are eligible can apply for up to 12 months in back rent and up to three months of future rent payments, as well as up to 12 months of overdue electric or gas bill payments.³³ New York State began taking applications as of June 1, 2021, but until July 1 is prioritizing applications from household with income at or below 50% of AMI – for 2021 in New York City, \$41,800 for an individual or \$59,650 for a family of four.³⁴ Payments will be made directly to the landlords and utility companies on behalf of the tenant.³⁵

According to estimates from Moody's Analytics, New York's \$2.4 billion portion of the funds is expected to cover less than 80% of back rent, utilities and late fees owed in the State as of

³¹ Greg David, "Cuomo's Back-Rent Relief Finally Arrives. Tenants and Landlords Ask: Will it be Enough?," THE CITY, May 25, 2021, available at: <https://www.thecity.nyc/2021/5/25/22453678/nyc-rent-relief-applications-cuomo-for-tenants-landlords>.

³² Congressional Research Service, Housing Funding in the American Rescue Plan Act of 2021, updated May 13, 2021, available at: <https://crsreports.congress.gov/product/pdf/IN/IN11641/2>.

³³ *Id.*, see also, New York City Housing Preservation & Development, "Affordable Housing: Area Median Income," <https://www1.nyc.gov/site/hpd/services-and-information/area-median-income.page> (last accessed June 7, 2021). These future rent payments will coincide with the end of the expanded unemployment insurance and the end of the state eviction moratorium, creating uncertainty about whether tenants will be able to afford to remain in their homes without additional support.

³⁴ Office of Temporary and Disability Assistance, "Emergency Rental Assistance Program (ERAP)," <https://otda.ny.gov/programs/Emergency-Rental-Assistance/> (last accessed June 7, 2021).

³⁵ Notably, landlord who accept payment must waive late fees due on any rental arrears covered by the payment, not increase the monthly rental amount above the monthly amount due at the time of application for assistance for months for which rental assistance is received and for one year from receipt of the payment. Not evict the household on behalf of whom the payment is made for reason of expired lease or holdover tenancy for one year from the receipt of the payment. An exception to this requirement shall be made if the dwelling unit contains four or fewer units and the property owner or owner's immediate family members intend to immediately occupy the unit for use as a primary residence. *Id.*

March 2021.³⁶ While these payments will cover the rent arrears for many tenants and make some landlords whole, landlords with tenants that exceed the AMI levels with rent arrears will not receive support. In the case of tenants who voluntarily vacated owing significant rent arrears, it's unclear if landlords will be able to recoup their back rent from these funds.³⁷ Also, landlords who negotiated rental concessions with tenants during the pandemic will not be able to recoup the difference between the prior lease rent and the concessionary lease rent. In any case, many rental landlords will have gone more than a year without receiving rent on their units will have difficulty paying their real property taxes.

Meanwhile, many of the City's commercial tenants and their landlords have been dramatically impacted by the pandemic. According to a March 2020 analysis by the New York City Comptroller, the City's hotels were projected to only maintain an occupancy rate of 20 percent, while restaurant sales are expected to drop by a staggering 80 percent. Real estate and retail sales are both expected to decline by 20 percent.³⁸

COVID-19 impacted small businesses with fifty or fewer employees that had weathered the first year of the pandemic while avoiding eviction became eligible for a State commercial eviction moratorium on March 9, 2021, because of the COVID-19 Emergency Protect Our Small Businesses Act of 2021.³⁹ Such act prevented eviction for nonpayment of rent, or for holding over

³⁶ Prashant Gopal and Noah Buhayar, "Rent Crisis Spirals for Landlords Awaiting \$47 Billion in Relief," Bloomberg Equality, April 27, 2021, available at: <https://www.bloomberg.com/news/articles/2021-04-27/rent-relief-comes-slowly-for-struggling-u-s-landlords>

³⁷ *See Id.* For example, landlord Lincoln Eccles, who owns a 14-unit building in Crown Heights is unlikely to receive government grants to cover losses from a tenant who voluntarily vacated in November 2020 owing \$96,000 in back rent.

³⁸ New York City Comptroller Scott M. Stringer "Comptroller Stringer: City must take immediate action to prepare for economic impacts of COVID-19 and protect vital services for most vulnerable New Yorkers", March 16, 2020, available at: <https://comptroller.nyc.gov/newsroom/comptroller-stringer-city-must-take-immediate-action-to-prepare-for-economic-impacts-of-covid-19-and-protect-vital-services-for-most-vulnerable-new-yorkers/>.

³⁹ Laws of New York Chap. 73 of 2021.

after lease expiration until May 1, 2021, which was subsequently extended until August 31, 2021.⁴⁰ The same act also prevented commercial foreclosures for independently owned and operated businesses with ten or fewer commercial units and fifty or fewer employees.⁴¹

For those businesses that were able to weather the pandemic and avoid closure or bankruptcy, a reopening rebound is underway, but far from complete. For example, according to lodging data provider STR, in the last week of May 2021, City hotel occupancy rates increased to 59%, a marked improvement from a year earlier, but well below booking levels before the pandemic, or elsewhere in the country.⁴²

The City's restaurants have been especially hard hit. According to a December 2020 survey conducted by the New York State Restaurant Association, in partnership with the National Restaurant Association, New York restaurants were hurting more from the economic crisis in comparison to the industry nationwide.⁴³ Overall, the National Restaurant Association estimates that one in six restaurants across the country have already permanently shuttered due to the economic crisis amid the pandemic, which would mean that in the City 4,500 establishments have permanently shut down so far.⁴⁴ In April 2021, Thomas Grech, president and chief executive of the Queens Chamber of Commerce, estimated that 1,000 of the 6,000 restaurants in his borough had closed for good.⁴⁵

⁴⁰ Laws of New York Chap. 104 of 2021.

⁴¹ *Id.*

⁴² Patrick Clark, "NYC Hotels Are Ready to Party as Guests Slowly Start to Return," BLOOMBERG WEALTH, June 4, 2021, <https://www.bloomberg.com/news/articles/2021-06-04/nyc-hotels-are-ready-to-party-as-guests-slowly-start-to-return> (last accessed June 7, 2021).

⁴³ Erika Adams, "More Than Half of New York's Restaurants Are in Danger of Closing: Survey," NY EATER, Dec. 11, 2020, <https://ny.eater.com/2020/12/11/22166728/new-york-restaurant-closing-survey-pandemic> (last accessed June 7, 2021).

⁴⁴ *Id.*

⁴⁵ Jane Margolies, "Midtown Has Been Empty, but Other Retail Zones Have Bounced Back," NY TIMES, Apr. 13, 2021, available at: <https://www.nytimes.com/2021/04/13/realestate/new-york-city-retail.html>

Restaurants that were able to stay open have experienced a rebound. One recent indication is New School’s Center for New York City Affairs reports that restaurants lead the gain in City employment with 39,100 new jobs between January and April 2021.⁴⁶ The ARPA also created a \$28.6 billion Restaurant Revitalization Fund to provide grants of up to \$10 million per entity or \$5 million per location to restaurant owners to use for rent, mortgage payments, payroll, and other operational expenses. However, in just ten days, the Small Business Administration received 266,000 applications asking for \$65 billion in aid, overwhelming the available funding.⁴⁷ Nevertheless, some of that money should help New York City restaurants and commercial landlords with restaurant tenants.

The Community Housing Improvement Program survey also found that roughly half of the retail ground-floor tenants paid no rent in August 2020, as most New York City businesses remained closed.⁴⁸ The results align with the finding by Datex Property Solutions that nationally only 58.6 percent of retail rents were paid in May 2020.⁴⁹ According to Datex, the situation is especially dire for owners of hotels and malls. Faced with plunging sales, companies are trying to renegotiate their office and retail leases — and in some cases refusing to pay — in hopes of lowering their overhead and surviving the worst economic downturn since the Great Depression.⁵⁰

Many chains stopped paying rent entirely in May 2020, and while Starbucks paid May rent,

⁴⁶ James Parrot, “NYC Job Rebound Led by Restaurants, Private Universities, and Home Health Care,” New School Center for New York City Affairs, June 4, 2021, <http://www.centrernyc.org/reports-briefs/2021/6/3/nyc-job-rebound-led-by-restaurants-private-universities-and-home-health-care> (last accessed June 7, 2021).

⁴⁷ Sarah Wire, “Congress Provided \$28 Billion to Save Restaurants. It’s Running Out”, LA TIMES, May. 13, 2021, available at: <https://www.latimes.com/politics/story/2021-05-13/restaurants-quickly-exhausting-emergency-fund-could-congress-provide-more-money-to-save-restaurants-and-bars>.

⁴⁸ Community Housing Improvement Program, August 2020 Rent Survey,

⁴⁹ Heather Long, “The next big problem for the economy: Businesses can’t pay their rent,” WASH. PO., Jun. 4, 2020, available at <https://www.washingtonpost.com/business/2020/06/03/next-big-problem-businesses-cant-or-wont-pay-their-rent-its-setting-off-dangerous-chain-reaction/>.

⁵⁰ Conor Dougherty and Peter Eavis, Tenants’ Troubles Put Stress on Commercial Real Estate, NY Times, June 5, 2020, available at <https://www.nytimes.com/2020/06/05/business/economy/coronavirus-commercial-real-estate.html>

it also sent a letter to landlords requesting rent concessions starting June 1 and continuing for 12 months.⁵¹ Christopher Whalen of Whalen Global Advisors wrote that “social distancing means financial Armageddon for commercial real estate and municipalities in coming months,” predicting defaults could be worse than the peak losses of the early 1990s commercial real estate bust “by a wide margin.”⁵² One challenge for commercial landlords navigating these challenges is that fewer than 40 percent of commercial property loans are owned by banks, with the remainder held by life insurers, real estate investment trusts and investors in commercial mortgage-backed securities.⁵³ Such diffuse ownership of commercial real estate debt may complicate the negotiation of concession agreements.

The difficulties faced by small businesses and residential tenants has also been felt sharply by property owners. An eviction moratorium or rent deferral program shifts the financial burden of the lost rent directly to the property owner.⁵⁴ The difficulties faced by small businesses and residential tenants has also been felt sharply by property owners. An eviction moratorium or rent deferral program shifts the financial burden of the lost rent directly to the property owner.⁵⁵

Interest Rates on Late Payment of Real Property Taxes and Prior Relief

The Administrative Code tasks the City Council with responsibility to adopt rates of interest on the late payment of property taxes to incentivize timely payment.⁵⁶ For July 1, 2020 to June 30, 2021, for properties with an assessed value of not more than \$250,000 the interest rate

⁵¹ Long, *supra* note 54.

⁵² *Id.*

⁵³ *Id.*

⁵⁴ Laurie Goodman and Dan Magder, Avoiding a COVID-19 Disaster for Renters and the Housing Market, Urban Institute Housing Policy Finance Center, April 2020, https://www.urban.org/sites/default/files/publication/102013/avoiding-a-covid-19-disaster-for-renters-and-the-housing-market_1.pdf.

⁵⁵ *Id.*

⁵⁶ Admin Code § 11-224.1(e).

was 3.25% for the first quarter, and 5% for the remainder the year,⁵⁷ and for properties with an assessed value of over \$250,000 it was 18%.⁵⁸

The Council also adopted special interest rates for the first quarter of the year for certain property owners adversely affected by COVID-19 under the authority granted by Local Laws 62 and 63 of 2020. For properties with an assessed value of not more than \$250,000 first quarter interest was reduced from 3.25% to 0% if a property owner either was enrolled in a PTAID hardship installment agreement or if the property was a tax class 1 property or a condominium and had been the primary residence of at least one of its owners for an uninterrupted period of at least one year prior to July 1, 2020, and the combined annual federal adjusted gross income of all owners was a \$150,000 or less during calendar year 2019.⁵⁹ To qualify, an owner additionally had to certify with DOF no later than September 30, 2020 that the owner had been ill with COVID-19, experienced COVID-19 symptoms and sought a medical diagnosis, or experienced a loss in their primary source of income for at least one month between March 7 and June 30, 2020, as a result of the COVID-19 pandemic. As a result of the program, 61 properties received interest reductions worth \$7,315.64.⁶⁰

For properties with an assessed value of more than \$250,000, first quarter interest was reduced from 18% to 7.5% for properties with an assessed value under \$750,000, containing 30 or fewer residential units, at least half of which were rent regulated, if an owner certified with DOF no later than September 30, 2020 that the owner's income from the property declined by at least 25% between March 7, 2020 and June 30, 2020, as compared to the same period in the year

⁵⁷ Res 1348-2020.

⁵⁸ Res 1349-2020.

⁵⁹ Local Law 63 of 2020, Reso 1350-2020.

⁶⁰ Department of Finance, "Annual Report on Properties Adversely Affected by the COVID-19 Pandemic Per Local Law 62 and Per Local Law 63," on file with Finance Committee staff.

immediately prior. The same reduction was available for class four properties with an assessed value of less than \$750,000 if a property owner certified with DOF no later than September 30, 2020 that the owner's income from the property declined by at least 50% between March 7, 2020 and June 30, 2020, as compared to the same period in the year immediately prior, for class four properties with an assessed value of less than \$750,000.⁶¹ 38 properties received reduced interest worth \$61,809.73 as a result of the program.⁶²

For the coming fiscal year, for the first time the Council will adopt three interest rates, for properties with an assessed value of not more than \$250,000, for properties with an assessed value of more than \$250,000 and less than \$450,000, and for properties with an assessed value of more than \$450,000.⁶³

To mitigate continued pressures on COVID-impacted property taxpayers, the proposed bills propose to again provide reduced interest rates, under expanded circumstances, and for the entire year.

III. Legislative Analysis

a. Analysis of Proposed Int. No. 2331-A (sponsored by Council Member Chin)

Proposed Int. No. 2331-A would authorize the City Council to pass a resolution adopting an interest rate between 3 percent and 7.5 percent for qualifying properties with an assessed value of more than \$250,000 and no greater than \$450,000 and an interest rate between 6 percent and 7.5 percent for qualifying properties with an assessed value of more than \$450,000 for the nonpayment of taxes due on July 1, 2021 and paid no later than December 31, 2021 for fiscal year 2022 for real property.

⁶¹ Local Law 62 of 2020, Reso 1349-2020.

⁶² Department of Finance, *supra* note 63.

⁶³ Local Law 24 of 2021.

Section 1 would authorize the City Council to adopt by resolution the interest rates applicable to the following real property: (1) classified as class 2 or class 4 pursuant to section 1802 of the real property tax law with an assessed value of more than \$250,000 and less than \$1,000,000, provided that such taxes are paid no later than December 31, 2021 and that no later than November 30, 2021, the owner of such property submits documentation to the commissioner of finance demonstrating that such owner has been adversely affected by the COVID-19 pandemic; or (2) with an assessed value over \$250,000 (i) where at least 50 percent of the property is used for residential rental dwellings; and (ii) which contains no more than 50 rental dwelling units of which at least 50 percent are rent regulated accommodations, provided that such taxes are paid no later than December 31, 2021 and that no later than November 30, 2021, the owner of such property submits documentation to the commissioner of finance demonstrating that such owner has been adversely affected by the COVID-19 pandemic.

Section 2 would define for the purposes of the law what it means to have been adversely affected by the COVID-19 pandemic, who qualifies as an owner, and which properties are rent-regulated accommodations.

Section 3 would require DOF to report to the Speaker no later than February 1, 2022 the number of properties for which the lower interest rate was imposed, the total amount of tax due and the total amount of interest reduced pursuant to the provisions of this local law, disaggregated by two qualifying provisions, and the aggregate value of the real property tax liability of those properties.

Section 4 would require that DOF, no later than August 15, 2021, send a notice advising of lower interest rate authorized by this local law to the owner of any real property which potentially qualifies for a reduced interest rate if the taxes for such property due on July 1, 2021

have not been paid as of August 1, 2021.

Section 5 would require that DOF, no later August 1, 2021, post a notice on its website describing the reduced interest rate authorized by this local law for certain owners adversely affected by the COVID-19 pandemic, distribute a print copy of this notice in DOF business centers, and translate such notices, and make such notices available translated all designated citywide languages.

Section 6 would require that DOF discuss the reduced interest rates at all of their outreach session relating to the payment of property taxes conducted between July 1, 2021 and November 30, 2021.

Section 7 would provide that this local law takes effect immediately and is retroactive to and deemed to have been in effect as of June 1, 2021, except that the council of the city of New York may take such measures as are necessary for the implementation of this local law, including the adoption of the resolution that is the subject of this local law, on or before such date.

b. Analysis of Proposed Int. No. 2350-A (sponsored by Council Member Moya)

Proposed Int. No. 2350-A would authorize the City Council to adopt by resolution a zero percent interest rate for the nonpayment of taxes due on July 1, 2021, on October 1, 2021, or on July 1, 2021 and October 1, 2021, and paid between July 15, 2021 and December 31, 2021 for fiscal year 2022 for real property.

Section 1 would authorize the City Council to pass a resolution adopting a zero percent interest rate for the nonpayment of taxes on real property due on July 1, 2021, on October 1, 2021, or on July 1, 2021 and October 1, 2021, and paid between July 15, 2021 and December 31, 2021 for fiscal year 2022, for real property either subject to a PTAID installment agreement, or with an assessed value of \$250,000 or less whose owners made less than \$150,000 in 2020, and which

served as the primary residence of at least one such property owner (and in the case of co-ops, at least 30 percent of the dwelling units held in such common ownership meet the eligibility criteria), provided that, in both cases, the owners certify to DOF that they have been adversely affected by the COVID-19 pandemic no later than November 30, 2021.

Section 2 would define for the purposes of the law what it means to have been adversely affected by the COVID-19 pandemic, what is a cooperative ownership property, what is income, and which property types would be eligible for reduced interest adopted pursuant to this law.

Section 3 would exclude unpaid taxes subject to reduced interest rates adopted pursuant to this law from being sold as a tax lien.

Section 4 would require DOF to report to the Speaker no later than February 1, 2022 the number of properties for which the lower interest rate was imposed, the total amount of tax due and the total amount of interest reduced pursuant to the provisions of this local law, disaggregated by three qualifying provisions, and the aggregate value of the real property tax liability of those properties.

Section 5 would require that DOF, no later than August 15, 2021, send a notice advising of zero percent interest rate authorized by this local law to the owner of any real property which potentially qualifies for a reduced interest rate if the taxes for such property due on July 1, 2021 have not been paid as of August 1, 2021.

Section 6 would require that DOF, no later August 1, 2021, post a notice on its website describing the reduced interest rate authorized by this local law for certain owners adversely affected by the COVID-19 pandemic, distribute a print copy of this notice in DOF business centers, and translate such notices, and make such notices available translated all designated citywide languages.

Section 7 would require that DOF discuss the reduced interest rates at all of their outreach session relating to the payment of property taxes conducted between July 1, 2021 and November 30, 2021.

Section 8 would provide that this local law takes effect immediately and is retroactive to and deemed to have been in effect as of June 1, 2021, except that the council of the city of New York may take such measures as are necessary for the implementation of this local law, including the adoption of the resolution that is the subject of this local law, on or before such date.

Proposed Int. No. 2331-A

By Council Members Chin and Riley

A Local Law to authorize adoption by resolution of an interest rate for nonpayment of taxes on real property with an assessed value over two hundred fifty thousand dollars in fiscal year 2022 for certain property owners adversely affected by COVID-19

Be it enacted by the Council as follows:

1 Section 1. Notwithstanding paragraph (ii) and paragraph (iii) of subdivision (e) of
2 section 11-224.1 of the administrative code of the city of New York, the council may by resolution
3 adopt an interest rate between 3 percent and 7.5 percent for properties with an assessed value of
4 more than \$250,000 and no greater than \$450,000 and an interest rate between 6 percent and 7.5
5 percent for properties with an assessed value of more than \$450,000 for the nonpayment of taxes
6 due on July 1, 2021 for fiscal year 2022 for real property:

7 (1) classified as class 2 or class 4 pursuant to section 1802 of the real property tax
8 law with an assessed value of more than \$250,000 and less than \$1,000,000, provided that such
9 taxes are paid no later than December 31, 2021 and that no later than November 30, 2021, the
10 owner of such property submits documentation to the commissioner of finance demonstrating that
11 such owner has been adversely affected by the COVID-19 pandemic, and provided further that
12 nothing herein shall be construed to amend paragraph 6 of subdivision b of section 11-319 of such
13 code; or

14 (2) with an assessed value over \$250,000 (i) where at least 50 percent of the
15 property is used for residential rental dwellings; and (ii) which contains no more than 50 rental
16 dwelling units of which at least 50 percent are rent regulated accommodations, provided that such
17 taxes are paid no later than December 31, 2021 and that no later than November 30, 2021, the
18 owner of such property submits documentation to the commissioner of finance demonstrating that

1 such owner has been adversely affected by the COVID-19 pandemic, and provided further that
2 nothing herein shall be construed to amend paragraph 6 of subdivision b of section 11-319 of such
3 code.

4 § 2. For the purposes of this local law, the following terms shall have the following
5 meanings:

6 (a) “Adversely affected by the COVID-19 pandemic” means: (1) for real property
7 described in subdivision 1 of section one of this local law, the income of the owner from such real
8 property declined, for any six month period between March 7, 2020 and June 30, 2021, by at least
9 50 percent as compared to the corresponding period in the previous 12 month period due to
10 COVID-19; and (2) for real property described in subdivision 2 of section one of this local law,
11 the income of the owner from such real property declined, for any six month period between March
12 7, 2020 and June 30, 2021, by at least 25 percent as compared to the corresponding period in the
13 previous 12 month period due to COVID-19.

14 (b) “Owner” means a person who is liable for payment of the real property tax on
15 the subject property.

16 (c) “Rent regulated accommodation” means a dwelling unit required by law or by
17 an agreement with a governmental entity to be regulated in accordance with the emergency tenant
18 protection act of 1974, the rent stabilization law of 1969, the local emergency housing rent control
19 act of 1962.

20 § 3. No later than February 1, 2022, the department of finance shall report to the
21 speaker of the council the number of properties for which the lower interest rate was imposed
22 pursuant to the provisions of this local law, the total amount of tax due and the total amount of
23 interest reduced pursuant to this local law, disaggregated by the total amount of tax due and the

1 total amount of interest reduced pursuant to subdivisions 1 and 2 of section one of this local law,
2 and the aggregate value of the real property tax liability of those properties.

3 § 4. No later than August 15, 2021, the department of finance shall send a notice to
4 the owner of any real property: (1) classified as class 2 or class 4 pursuant to section 1802 of the
5 real property tax law with an assessed value of more than \$250,000 and less than \$1,000,000 for
6 which taxes for such property due on July 1, 2021 have not been paid as of August 1, 2021; or (2)
7 with an assessed value over \$250,000 and which contains no more than 50 rental dwelling units of
8 which at least 50 percent are rent regulated accommodations for which taxes for such property due
9 on July 1, 2021 have not been paid as of August 1, 2021. Such notice shall advise such owner of
10 the reduced interest rate authorized by this local law for certain owners adversely affected by the
11 COVID-19 pandemic.

12 § 5. No later than August 1, 2021, the department of finance shall post a notice on
13 the department of finance’s website describing the reduced interest rate authorized by this local
14 law for certain owners adversely affected by the COVID-19 pandemic. The department shall
15 distribute a print copy of this notice in department of finance business centers. This notice shall be
16 translated pursuant to the requirements of article 11 of chapter 23 of the administrative code of the
17 city of New York.

18 § 6. Any outreach session conducted by the department of finance between July 1,
19 2021 and November 30, 2021 relating to the payment of property taxes must discuss the reduced
20 interest rate authorized by this local law for certain owners adversely affected by the COVID-19
21 pandemic.

22 § 7. This local law takes effect immediately and is retroactive to and deemed to
23 have been in effect as of June 1, 2021, except that the council of the city of New York may take

- 1 such measures as are necessary for the implementation of this local law, including the adoption of
- 2 the resolution that is the subject of this local law, on or before such date.

RKC/NB
LS #17782
6/17/21 10:05pm

Proposed Int. No. 2350-A

By Council Members Moya and Riley

A Local Law to authorize adoption by resolution of an interest rate for nonpayment of taxes on real property with an assessed value of two-hundred and fifty thousand dollars or less in fiscal year 2022 for property owners adversely affected by COVID-19

Be it enacted by the Council as follows:

1 Section 1. Notwithstanding paragraph (i) of subdivision (e) of section 11-224.1 of
2 the administrative code of the city of New York, the council may, by resolution pursuant to such
3 subdivision, adopt an interest rate to be charged for nonpayment of taxes on real property due on
4 July 1, 2021 as follows:

5 a. For property for which, as of July 1, 2021, an owner of such property has an
6 executed agreement with the department of finance for the payment in installments of any real
7 property taxes, assessments or other charges that are made a lien subject to the provisions of
8 chapter 3 of title 11 of the administrative code of the city of New York, pursuant to section 11-
9 322.1 of such code, the interest rate to be charged for nonpayment of taxes on the real property
10 that is the subject of such executed agreement, due on July 1, 2021, on October 1, 2021, or on July
11 1, 2021 and October 1, 2021, and paid between July 15, 2021 and December 31, 2021 for fiscal
12 year 2022, shall be zero percent, provided that no later than November 30, 2021, such owner
13 submits documentation to the commissioner of finance demonstrating that such owner has been
14 adversely affected by the COVID-19 pandemic.

15 b. For property with an assessed value of \$250,000 or less, for which the income of
16 the owner of such property, and all the additional owners of such property, during calendar year
17 2020 was less than \$150,000, the interest rate to be charged for nonpayment of taxes on such

1 property due on July 1, 2021, on October 1, 2021, or on July 1, 2021 and October 1, 2021 and paid
2 between July 15, 2021 and December 31, 2021, shall be zero percent, provided that:

3 (1) such property has been the primary residence of at least one such owner for an
4 uninterrupted period of not less than one year preceding July 1, 2021, which determination shall
5 be made without regard to any hospitalization or temporary stay in a nursing home or rehabilitation
6 facility; and

7 (2) no later than November 30, 2021, such owner submits documentation to the
8 commissioner of finance demonstrating that such owner has been adversely affected by the
9 COVID-19 pandemic and that the income of such owner and all the additional owners of such
10 property during calendar year 2020 was less than \$150,000.

11 c. For a cooperative ownership property, the interest rate to be charged for
12 nonpayment of taxes on such property due on July 1, 2021, on October 1, 2021 or on July 1, 2021
13 and October 1, 2021, and paid between July 15, 2021 and December 31, 2021 for fiscal year 2022,
14 shall be zero percent, provided that:

15 (1) thirty percent or more of the dwelling units therein are leased to a shareholder
16 in the corporation that owns such cooperative ownership property: (A) whose income, and the
17 income of all other shareholders who have concurrently leased the same dwelling unit, was less
18 than \$150,000 during calendar year 2020; (B) who used such dwelling unit as a primary residence
19 for an uninterrupted period of not less than one year preceding July 1, 2021, which determination
20 shall be made without regard to any hospitalization or temporary stay in a nursing home or
21 rehabilitation facility; and (C) who has been adversely affected by the COVID-19 pandemic; and

1 (2) no later than November 30, 2021, the board of directors of such cooperative
2 ownership property certifies to the commissioner of finance that such cooperative ownership
3 property meets the criteria set forth in paragraph one of this subdivision.

4 d. Nothing in this section shall be construed to amend paragraph 6 of subdivision b
5 of section 11-319 of the administrative code of the city of New York.

6 e. For the purposes of this section, documentation demonstrating that an owner of
7 a property or a member of the household of such owner was diagnosed with COVID-19, received
8 confirmation from a health professional of having contracted COVID-19 or experienced symptoms
9 of COVID-19 and sought a medical diagnosis shall take the form of a certification executed by
10 such owner on a form provided by the department of finance.

11 § 2. For the purposes of this local law, the following terms shall have the following
12 meanings:

13 a. “Adversely affected by the COVID-19 pandemic” means: (i) the owner of the
14 property or shareholder, as applicable, or a member of the household of such owner or shareholder
15 was diagnosed with COVID-19, received confirmation from a health professional of having
16 contracted COVID-19 or experienced symptoms of COVID-19 and sought a medical diagnosis; or
17 (ii) the loss of the primary source of income because of COVID-19 between March 7, 2020 and
18 June 30, 2021, which continued for at least two months, by the owner of the property or any
19 additional owners of such property, or by the shareholder, as applicable.

20 b. “Cooperative ownership property” means real property classified as a class 1 or
21 class 2 pursuant to section 1802 of the real property tax law that is held in a cooperative form of
22 ownership and the assessed value for which is less than or equal to the product of \$250,000 and
23 the number of dwelling units in such real property.

1 c. “Income” has the meaning set forth in subdivision a of section 11-322.1 of the
2 administrative code of the city of New York.

3 d. “Property” means: (i) real property classified as class 1 pursuant to section 1802
4 of the real property tax law, or (ii) a dwelling unit in a condominium, except that the term
5 “property” shall not include any cooperative ownership property.

6 § 3. Any nonpayment of taxes on real property due on July 1, 2021 or on October
7 1, 2021 and paid between July 15, 2021 and December 31, 2021, pursuant to subdivisions a, b and
8 c of section one of this local law, shall not be subject to the provisions regarding subsequent tax
9 liens in subdivision a-1 of section 11-319 of the administrative code of the city of New York.

10 § 4. No later than February 1, 2022, the department of finance shall report to the
11 speaker of the council the number of properties and cooperative ownership properties for which
12 the zero percent interest rate was imposed pursuant to the provisions of this local law, the total
13 amount of tax due and the total amount of interest reduced pursuant to this local law, disaggregated
14 by the total amount of tax due and the total amount of interest reduced pursuant to each of
15 subdivisions (a), (b) and (c) of section one of this local law, and the aggregate value of the real
16 property tax liability of those properties and cooperative ownership properties.

17 § 5. No later than August 15, 2021, the department of finance shall send a notice to
18 the owner of any property with an assessed value of \$250,000 or less and any cooperative
19 ownership property for which taxes for such property due on July 1, 2021 have not been paid as
20 of August 1, 2021. Such notice shall advise such owner of the zero percent interest rate authorized
21 by this local law for certain owners adversely affected by the COVID-19 pandemic.

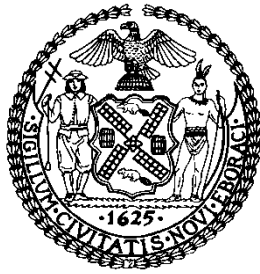
22 § 6. No later than August 1, 2021, the department of finance shall post a notice on
23 the department of finance’s website describing the zero percent interest rate authorized by this

1 local law for certain owners adversely affected by the COVID-19 pandemic. The department shall
2 distribute a print copy of this notice in department of finance business centers. This notice shall be
3 translated pursuant to the requirements of article 11 of chapter 23 of the administrative code of the
4 city of New York.

5 § 7. Any outreach session conducted by the department of finance between July 1,
6 2021 and November 30, 2021 relating to the payment of property taxes must discuss the zero
7 percent interest rate authorized by this local law for certain owners adversely affected by the
8 COVID-19 pandemic.

9 § 8. This local law takes effect immediately and is retroactive to and deemed to
10 have been in effect as of June 1, 2021, except that the council of the city of New York may take
11 such measures as are necessary for the implementation of this local law, including the adoption of
12 the resolution that is the subject of this local law, on or before such date.

NB
LS #17344
06/17/21 8:54pm



**THE COUNCIL OF THE CITY OF NEW YORK
FINANCE DIVISION**

LATONIA MCKINNEY, DIRECTOR

FISCAL IMPACT STATEMENT

PROPOSED INTRO. 2331-A

COMMITTEE: Finance

TITLE: A Local Law to authorize adoption by resolution of an interest rate for nonpayment of taxes on real property with an assessed value over two hundred fifty thousand dollars in fiscal year 2022 for certain property owners adversely affected by COVID-19

SPONSOR(S): Council Members Chin and Riley

SUMMARY OF LEGISLATION: Proposed Int. 2331-A would authorize the City Council to pass a resolution adopting interest rate charges for the late payment of property taxes due on July 1, 2021, and paid by December 31, 2021 for certain COVID-19 impacted real property owners that differ from the rates that would otherwise be charged. Baring specific eligibility requirements, properties with assessed values greater than \$250,000 and less than \$450,000 would accrue interest between 3 percent and 7.5 percent, and properties with assessed values greater than \$1 million would accrue interest between 6 percent and 7.5 percent, with the exact interest rates to be set by Council resolution.

This legislation would require eligible property owners to demonstrate proof of an adverse impact attributable to COVID-19 to the Department of Finance (DOF) no later than November 30, 2021 and that they either: (a) own class 2 or class 4 real property with an assessed value of more than \$250,000 and less than \$1,000,000; or (b) own real property with an assessed value over \$250,000 where at least 50 percent of the property is used for residential rental dwellings and contains no more than 50 rental dwelling units, of which at least 50 percent are rent regulated accommodations. For the first category, adversely affected by COVID-19 means the income of the property owner declined for any six month between March 7, 2020 and June 30, 2021 by at least 50 percent as compared to the corresponding period in the previous 12 months. For the second category, adversely affected by COVID-19 means the income of the property owner declined between March 7, 2020 and June 30, 2021, by at least 25 percent for any six-month period as compared to the corresponding period in the previous 12 months.

The legislation would require DOF to send notices to all potentially eligible properties whose July 1, 2021 tax bill remains unpaid as of August 1, 2021. Such notice would inform the property owner of their potential eligibility for reduced interest rates.

EFFECTIVE DATE: This local law would take effect immediately and would be retroactive to and deemed to have been in effect as of June 1, 2021, except that the Council may take such measures as are necessary for the implementation of this local law, including the adoption of the resolution that is the subject of this local law, on or before such date.

FISCAL YEAR IN WHICH FULL FISCAL IMPACT ANTICIPATED: Fiscal 2022

FISCAL IMPACT STATEMENT:

	Effective FY21	FY Succeeding Effective FY22	Full Fiscal Impact FY22
Revenues	\$0	\$0	\$0
Expenditures	\$0	(\$5,000)	(\$5,000)

Net	\$0	(\$5,000)	(\$5,000)
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IMPACT ON REVENUES: It is estimated that there would be no impact on revenues resulting from the enactment of this legislation. This legislation would authorize the Council to adopt a late payment interest rate ranging from 3 percent to 7.5 percent for properties that meet specified criteria but would not mandate it. Therefore, since it would not directly effectuate different interest rates, there would be no impact on revenues directly attributed to this legislation. For context, under similar legislation passed last year, specifically Local Law 62 of 2020, DOF waived \$61,809 of interest for 38 properties.

IMPACT ON EXPENDITURES: It is estimated that up to 10,000 potentially eligible properties may have unpaid balances as of August 1 and will receive notification of the reduced interest rates. The mailing costs associated with those notifications would cost about 50 cents each, for a total of \$5,000.

SOURCE OF FUNDS TO COVER ESTIMATED COSTS: General Fund

SOURCE OF INFORMATION: New York City Council Finance Division
New York City Banking Commission
New York City Department of Finance

ESTIMATE PREPARED BY: Andrew Wilber, Economist

ESTIMATE REVIEWED BY: Emre Edev, Assistant Director
Raymond Majewski, Deputy Director/Chief Economist
Rebecca Chasan, Senior Counsel

LEGISLATIVE HISTORY: This legislation was heard by the Committee on Finance (Committee) as a Preconsidered Introduction on June 11, 2021 and was laid over. The legislation was then introduced as Introduction No. 2331 and referred back to the Committee. The legislation was subsequently amended and the amended legislation, Proposed Int. No. 2331-A, will be considered by the Committee on June 29, 2020. Upon a successful vote by the Committee, the legislation will be submitted to the full Council for a vote on June 29, 2020.

DATE PREPARED: June 21, 2020



**THE COUNCIL OF THE CITY OF NEW YORK
FINANCE DIVISION**

LATONIA MCKINNEY, DIRECTOR

FISCAL IMPACT STATEMENT

PROPOSED INTRO. 2350-A

COMMITTEE: Finance

TITLE: A Local Law to authorize adoption by resolution of an interest rate for nonpayment of taxes on real property with an assessed value of two-hundred and fifty thousand dollars or less in fiscal year 2022 for property owners adversely affected by COVID-19.

SPONSOR(S): Council Members Moya and Riley

SUMMARY OF LEGISLATION: Proposed Int. 2350-A would authorize the Council to adopt a resolution to set a zero percent interest rate charge for the late payment of property taxes due on July 1, 2021 and/or October 1, 2021 that are paid before December 31, 2021 for certain property owners who demonstrate they were adversely affected by the COVID-19 pandemic. Eligible properties include class 1 and condominium properties that either (a) are enrolled in a Property Tax and Interest Deferral Program installment agreement with the Department of Finance (DOF); or (b) have a property with an assessed value of \$250,000 or less and the property owners have an income of less than \$150,000. Cooperative properties would also be eligible if at least 30 percent of the units were the primary residence of shareholders whose incomes were below \$150,000 and were impacted by COVID-19. Eligible property owners would be required to submit documentation to the Department of Finance demonstrating an adverse impact attributable to COVID-19 no later than November 30, 2021.

The legislation would require DOF to send notices to all potentially eligible properties whose July 1, 2021 tax bill remains unpaid as of August 1, 2021. Such notice would inform the property owner of their potential eligibility for reduced interest rates.

EFFECTIVE DATE: This local law would take effect immediately and be retroactive to and deemed to have been in effect as of June 1, 2021, except that the Council may take such measures as are necessary for the implementation of this local law, including the adoption of the resolution that is the subject of this local law, on or before such date.

FISCAL YEAR IN WHICH FULL FISCAL IMPACT ANTICIPATED: Fiscal 2022

FISCAL IMPACT STATEMENT:

	Effective FY21	FY Succeeding Effective FY22	Full Fiscal Impact FY22
Revenues	\$0	\$0	\$0
Expenditures	\$0	(\$45,000)	(\$45,000)
Net	\$0	(\$45,000)	(\$45,000)

IMPACT ON REVENUES: It is estimated that there would be no impact on revenues resulting from the enactment of this legislation. This legislation would permit the Council the option of adopting a zero percent interest rate for properties that meet specified criteria, but would not mandate it. Therefore, since it would not directly effectuate different interest rates, there would be no impact on revenues directly attributed to this legislation. For purposes of context, under similar legislation passed last year, specifically Local Law 63 of 2020, DOF waived a total of \$7,316 in interest for 61 properties.

IMPACT ON EXPENDITURES: It is estimated that up to 90,000 potentially eligible properties may have unpaid balances as of August 1 and will receive notification of the reduced interest rates. The mailing costs associated with those notifications would cost about 50 cents each, for a total of \$45,000.

SOURCE OF FUNDS TO COVER ESTIMATED COSTS: General Fund

SOURCE OF INFORMATION: New York City Council Finance Division
New York City Banking Commission
New York City Department of Finance

ESTIMATE PREPARED BY: Andrew Wilber, Economist

ESTIMATE REVIEWED BY: Emre Edev, Assistant Director
Raymond Majewski, Deputy Director/Chief Economist
Rebecca Chasan, Senior Counsel

LEGISLATIVE HISTORY: This legislation was heard by the Committee on Finance (Committee) as a Preconsidered Introduction on June 11, 2021 and was laid over. The legislation was then introduced as Introduction No. 2350 and referred back to the Committee. The legislation was subsequently amended and the amended legislation, Proposed Int. No. 2350–A, will be considered by the Committee on June 29, 2021. Upon a successful vote by the Committee, the legislation will be submitted to the full Council for a vote on June 29, 2021.

DATE PREPARED: June 21, 2021