

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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Wednesday, August 3, 2022

Start: 10:37 a.m.

Recess: 11:31 a.m.

HELD AT: HYBRID HEARING, COUNCIL CHAMBERS,
CITY HALL

B E F O R E: Justin L. Brannan, Chairperson

COUNCIL MEMBERS:

- Gale A. Brewer
- Selvena N. Brooks-Powers
- David M. Carr
- Amanda Farías
- Kamillah Hanks
- Farah N. Louis
- Francisco P. Moya
- Keith Powers
- Marjorie Velázquez
- Julie Won

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

2 SERGEANT AT ARMS: Good morning and welcome to
3 today's New York Council meeting on Finance. At this
4 time, please silence all electronic devices. Thank
5 you for your cooperation and we're ready to begin.

6 CHAIRPERSON BRANNAN: Good morning and welcome to
7 today's Finance Committee meeting. I'm Councilmember
8 Justin Brannan. I'm the Chair of the Finance
9 Committee. Today, our committee will consider two
10 items: A pre-considered intro sponsored by Speaker
11 Adams and myself, that would provide a property tax
12 rebate to homeowners with incomes of \$250,000 or
13 less, and Intro 524 sponsored by Councilmember Carr
14 which would amend the Banking Commission provisions
15 of the Administrative Code to provide that for real
16 property with an assessed value of \$250,000 or less
17 that is subject to an executed installment agreement
18 that is not default. The Banking Commission must
19 recommend an interest rate for the non-payment of
20 property taxes that is at least equal to the most
21 recently determined federal short-term rate rather
22 than the higher primary.

23 In addition, it would eliminate the
24 recommendation of late interest penalties for water
25 charges which are provided in state law.

2 Before we continue, I want to read a statement
3 from Speaker Adams on the pre-considered rebate
4 legislation that we're sponsoring.

5 "Chair Brannan and members of the Finance
6 Committee. I, Speaker Adams, and proud to sponsor
7 this legislation with our Finance Chair to provide a
8 \$150 rebate to New York City homeowners whose homes
9 are their principal residence and whose total income
10 is \$250,000 or less. This targeted relief is
11 critical as we see real estate prices in this city
12 rebound, perhaps more quickly than our residents
13 themselves are able to recover from the pandemic and
14 the economic disruptions that this caused, including
15 the rapidly the rapidly increasing prices we are all
16 facing.

17 "This legislation today was part of our budget
18 deal and supported by a large amount of members
19 across our broad ideological spectrum. It's an
20 example of true bipartisanship, and I'd like to thank
21 our budget negotiating team for their work on this."

22 And that statement is from Speaker Adams.

23 As the Speaker indicated, the cost of most
24 necessities are climbing and residents are struggling
25 to pay bills. The rebate gives property tax relief

2 of up to \$150 to homeowners making \$250,000 or less.
3 When combined with the state property tax rebate, it
4 provides significant relief for many of at least \$440
5 for all homeowner... homeowners condo and Co Op
6 owners. Intro 524 is part of a continuing effort by
7 the Council to help certain homeowners who may be
8 struggling to pay their property taxes, but are
9 making a good faith effort to do so. It would
10 provide that the Banking Commission recommend a lower
11 delinquent property tax interest rate for those who
12 have installment plans for paying tax arrears and are
13 not in default of those plans. It would allow us to
14 curtail the practice of piling more arrears on folks
15 who are doing their best to get out from under debt.

16 These two bills are important in our efforts to
17 make life easier for everyday homeowners in these
18 challenging times, and they recognize that our
19 property tax system can overburden certain residents.
20 We know that the city's property tax system is broken
21 and unfair and badly in need of reform, but wholesale
22 reform is a major undertaking and ultimately requires
23 state action. In the meantime, the two bills the
24 Council is hearing today are smaller, but very, very
25 real steps that we can take right now to provide

2 relief and a bit of fairness to our working and
3 middle class homeowners in the city who struggle with
4 our current property tax system as is.

5 Before I give my colleague and co-sponsor one of
6 these bills, Councilmember Carr the opportunity to
7 speak, I just want to acknowledge that we've been
8 joined today by Committee Members Moya, Powers,
9 Louis, Brooks-Powers, Brewer, Farías, Hanks, and
10 joining us remotely Velázquez, Won, and that's it, I
11 think. (other voices) Oh, and Hudson, I'm sorry.
12 Councilmember Hudson has joined us.

13 Okay, I want to now turn it over to my colleague,
14 Councilman Carr to speak on his Intro 524.

15 COUNCILMEMBER CARR: Thank you, Chair Brannan.
16 Good morning colleagues. I'm speaking in support of
17 the bill that I introduced with our Chair,
18 Introduction 524, which seeks to resolve a
19 longstanding dilemma that this Council
20 institutionally has faced year after year around
21 budget adoption time, which is when we set interest
22 rates for non-payment of property taxes, which are
23 designed to protect the City coffers from those who
24 might try to take advantage of a low interest rate,
25 but at the same time, hurts those individuals who are

2 genuinely struggling that Chair Brannan spoke about
3 in his opening remarks, people who are perhaps down
4 on their luck and cannot afford a property tax bill
5 that used to be affordable to them, and many, many
6 others who are paying a bill that seems to constantly
7 increase thanks to a system which is, you know, has
8 been called labyrinthine and is difficult to
9 understand at best.

10 And as we move towards property tax reform, which
11 is absolutely necessary, we need to make sure that
12 those who are struggling to meet their bills are not
13 being... are not having a harder time to do so
14 because of an interest rate that this Council is
15 forced to set for non-payers. And I think that this
16 bill is a blueprint for how we can do that, and make
17 sure that those who are trying to make good faith
18 payments, are able to do so without it being made
19 harder, thanks to an interest rate resolution that we
20 set.

21 And so many of us in this body have opposed the
22 interest rate set for non-payment in the past because
23 of this issue. You know, many of us forwent that
24 traditional position because we knew that we had good
25 faith partners in the Chair of this committee,

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2 Councilmember Brannan, and the Speaker, and very glad
3 to know that we had the same from The Administration
4 and that we're finally going to tackle this
5 longstanding issue by hearing this bill and hopefully
6 passing it, and I look forward to hearing from The
7 Administration. Thank you, Chair.

8 CHAIRPERSON BRANNAN: Thank you, Council Member.
9 Okay. We will now turn it to our Committee Counsel
10 to swear in for testimony.

11 COMMITTEE COUNSEL: Raise your right hand. Do you
12 swear that the testimony you're about to give is the
13 truth, the whole truth and nothing but the truth?

14 MR. SHEAR: I swear.

15 CHAIRPERSON BRANNAN: Okay, you may begin. Thank
16 you.

17 DEPUTY COMMISSIONER SHEAR: Good morning, Chair
18 Brannan and other members of the Finance Committee.
19 My name is Jeffrey Shear, and I am the Deputy
20 Commissioner of Treasury and Payment Services at the
21 New York City Department of Finance. I am joined by
22 my colleague, Mary Christine Jackman, the City
23 Treasurer, and Jacqueline Gold, Assistant
24 Commissioner for External Affairs. We are here today
25 to testify on behalf of The Administration on two

2 pieces of legislation: The pre-considered property
3 tax rebate bill as well as Intro 524, which proposes
4 to lower interest rates for owners of properties and
5 payment plans within the assessed value under
6 \$250,000. We are here to offer our full support to
7 the pre-considered homeowner tax rebate bill. Along
8 with other city agencies, the Department of Finance
9 has worked collaboratively with the City Council to
10 design and implement the \$90 million tax rebate
11 program, and is working on implementation of the
12 rebate in anticipation of Council passage of the
13 bill. The rebate, which will be in the amount of
14 either \$150 or the homeowners' annual real property
15 tax liability, whichever is less is being issued as
16 recognition for the contributions homeowners have
17 made and will continue to make to New York City's
18 economy, including to our city's recovery from the
19 COVID 19 pandemic. To be eligible for the rebate a
20 property must be the owner's primary residence and
21 the combined qualified gross income of all owners for
22 whom such property serves as their primary residence
23 must have been \$250,000 or less in tax year 2020. FY
24 23 recipients of the New York State STAR exemption or
25 credit for whom DOF can verify income eligibility

2 will receive checks automatically without the need
3 for any action by the property owner. We estimate
4 that we will be issuing 375,000 of these checks later
5 this month.

6 The rebate bill also authorizes owners who are
7 not STAR recipients, but who meet the rebate
8 eligibility criteria to apply to DOF for the rebate.
9 Owners will have until November 15 to submit this
10 information the DOF, and this information will be
11 uploaded to DOF electronically.

12 Intro 524: With respect to Intro 524 sponsored
13 by Council Member Carr, we strongly support the
14 underlying rationale behind this bill, which is to
15 assist struggling property owners of moderately
16 valued properties who are doing the right thing by
17 entering into payment plans with DOF for outstanding
18 property tax liabilities. The bill does this by
19 providing a lower rate of interest for unpaid real
20 property taxes for such owners. However, we feel
21 that the bill can be improved, and we look forward to
22 having further discussions with the Council. DOF
23 already offers several protections for owners of
24 properties that have an assessed value of \$250,000 or
25 less. These owners receive a 15-day interest free

2 period after the due date to pay their taxes. This
3 helps owners who may have inadvertently waited too
4 long to remit their payments, or who need a few extra
5 days to receive a paycheck or pension payment to come
6 up with the full amount owed.

7 These owners also are in the assessed value
8 category that is charged the lowest rate of interest
9 for late payments, just 4% in fiscal year 23.
10 Compared to owners of properties assess between
11 \$250,000 and \$450,000, who will be charged 7%, and
12 owners of properties assessed over \$450,000 who will
13 be charged 13%. The 4% rate is significantly less
14 than interest rates charged in other large cities
15 such as Chicago, Illinois, Phoenix, Arizona, and San
16 Diego, California, which charged set rates of 18%,
17 16%, and 18% respectively, and which do not charge
18 lower rates for lower value properties. In fact,
19 Washington DC and Houston Texas, not only charge
20 interest, but immediately add on penalty charges for
21 overdue payments. It's also worth noting that in
22 fiscal year 22, the average late payment interest
23 charge on properties within the assessed value below
24 \$250,000 was just \$22.86.

2 While DOF supports lowering interest rates on
3 unpaid real property taxes for owners in active
4 payment plans, we do note that currently any property
5 owner is entitled to initiate a payment plan for
6 delinquent charges, regardless of the value of the
7 property or the owner's income. The city charges
8 interest on late payments to incentivize owners to
9 make timely payments and to help the city compete
10 with other liabilities of the owner that have late
11 payment interest charges, such as loans and credit
12 cards. It is important that a measure like this
13 therefore be targeted towards owners who may need
14 assistance and does not allow richer owners to
15 effectively take out a low interest loan by delaying
16 payment of their property taxes. We therefore
17 support having an income ceiling added to the bill so
18 that owners and payment plans with incomes below the
19 ceiling amount would qualify for the lower interest
20 rate.

21 We also believe the benefit should be available
22 exclusively to resident owners. The owners of
23 properties with an assessed value at or below
24 \$250,000 is a diverse population. FY 21 data
25 indicates that 69% of these owners are primary

2 residents, but that 31% of them are not. DOF also is
3 concerned with the retroactive nature of the bill,
4 which would make the lower interest rate effective as
5 of January 1, 2022. Property owners should know the
6 interest rates that they would be charged in advance,
7 and not have changes made up or down after receiving
8 property tax bills. If the lower interest rate is
9 not made retroactive, Council finance staff have
10 asked if it can be in effect for a portion of FY 23.
11 The New York City Law Department is reviewing the
12 proposal to make the bill take effect retroactively
13 and the proposal to effect any changes to the
14 interest rates previously set by the Council mid-
15 year. DOF also is looking at whether its IT team can
16 make programming changes to our property tax system
17 to accommodate the mid-year change. We do know that
18 whenever a change would be made to lower the interest
19 rate for property owners and payment plans that it
20 will cost an estimated \$100,000. These costs will be
21 incorporated into the bills fiscal impact statement
22 At the appropriate time.

23 This concludes my testimony. And I once again
24 want to thank you for allowing us the opportunity to
25 testify on both pieces of legislation. Mary

2 Christine Jackman, and Jacqueline Gold, and I are
3 available to answer any questions that you may have.

4 CHAIRPERSON BRANNAN: Thank you. I just want to
5 highlight and just... just put a finer point on some
6 of the things you mentioned. So can you tell us how
7 many payment plans the Department of Finance... that
8 currently exists for the Department of Finance?

9 Put your mic on.

10 DEPUTY COMMISSIONER SHEAR: There are currently
11 approximately 3300 payment plans that the Department
12 of Finance has. 3328.

13 CHAIRPERSON BRANNAN: Okay. And this has come up
14 before, but is there a way for you to... for The
15 Department of Finance to provide a breakdown by
16 property types such as homes, condos, rentals,
17 commercial?

18 DEPUTY COMMISSIONER SHEAR: We do not have that
19 data today, but we can provide it. The one data that
20 we have on that is a breakdown by borough. So, those
21 3328 plans are spread across: Manhattan has 163,
22 Bronx properties have 403, Brooklyn properties have
23 1201, Queens properties have 1321, and Staten Island
24 properties have 240.

25 CHAIRPERSON BRANNAN: So Queens has the most?

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2 DEPUTY COMMISSIONER SHEAR: Yes, it does.

3 CHAIRPERSON BRANNAN: Okay. Yeah, it would be
4 helpful for... I mean, even if it's just for internal
5 use for members, but to have a breakdown by property
6 type. And then if we can zoom in a bit on the
7 borough break down to get a, you know, based on
8 Council district, that would be super helpful.

9 And what is the total liability that's wrapped up
10 in these payment plans?

11 DEPUTY COMMISSIONER SHEAR: I don't have that
12 figure, but we will get that to you.

13 CHAIRPERSON BRANNAN: Okay. And do you have the
14 median amount that a homeowner has in a payment plan?

15 DEPUTY COMMISSIONER SHEAR: I do not.

16 CHAIRPERSON BRANNAN: Okay, if you can get those
17 two things to us. The total liability that's wrapped
18 up in the plans and the median amount? And do you
19 have a sense of what share of the payment plans out
20 there might be eligible for these reduced interest
21 rates that we're talking about today?

22 DEPUTY COMMISSIONER SHEAR: I do not. We will
23 get that to you.

24 CHAIRPERSON BRANNAN: Okay, you've got a lot of
25 homework.

2 Okay, let's talk about the cost of interest. So
3 one of the points to consider when setting these
4 interest rates for property owners is that we would
5 be setting these rates in a fair and judicious
6 manner. Our goal here should be to allow property
7 owners as much flexibility as possible, obviously,
8 without jeopardizing the city's fiscal position. So
9 it makes sense to set our interest rates in relation
10 to the interest rates applicable to the city itself.
11 So what is the city's current cost of borrowing?

12 DEPUTY COMMISSIONER SHEAR: Right. So the last
13 general obligation loan was 4.5% interest, and also
14 the last Transitional Finance Authority Bond had an
15 interest rate of 4.1%.

16 CHAIRPERSON BRANNAN: And when was the last...
17 when were the last... (crosstalk)

18 DEPUTY COMMISSIONER SHEAR: I'm sorry. I just
19 wanted to add... So we're not sure that the cost for
20 the city to borrow should be the same cost that's
21 charged to homeowners who are late with their
22 property taxes. The city is competing with other
23 types of charges that homeowners may be paying, such
24 as, say credit card charges, and the choices that
25 owners face is often directed by how much rates they

2 may have to pay on late charges. So the city
3 certainly does not want to be last with regard to
4 those rates. And the charge we come up with does not
5 necessarily have to be the same charge that the
6 city... where we're competing with other large cities
7 and states compared to the choices that consumers
8 have to make when they are making payments.

9 CHAIRPERSON BRANNAN: So do you think the
10 interest rate should be lower for homeowners?

11 DEPUTY COMMISSIONER SHEAR: No... We do not
12 think... Well, we... we support the bill. We support
13 having lower interest rates for owners on property
14 tax plans. We do not think that what the city pays
15 on its borrowing costs should be determining what
16 individual property owners are paying for late
17 payments.

18 CHAIRPERSON BRANNAN: But do you think it's fair
19 to say that the city earns more money right now when
20 people pay late, versus when they pay on time?

21 DEPUTY COMMISSIONER SHEAR: Well, right now, for
22 owners of properties under \$250,000, the rates are
23 very close to one another. So the city is... You
24 asked about city financing? So the city is paying

2 4.5% on its bonds. But we don't think that the right
3 policy is to align those two amounts.

4 CHAIRPERSON BRANNAN: Do you believe that a lower
5 interest rate will make it easier for homeowners to
6 pay off their debts to city?

7 DEPUTY COMMISSIONER SHEAR: For owners who are
8 struggling to pay and are trying to do the right
9 thing? Yes.

10 CHAIRPERSON BRANNAN: I want to ask about the
11 rebate. I think you said homeowners can expect these
12 rebate checks later this month, is that correct?

13 DEPUTY COMMISSIONER SHEAR: The vast majority of
14 eligible owners will get their checks later this
15 month. We are estimating that 375,000 checks will be
16 issued by the end of this month. These are for
17 owners where we're able to verify their eligibility.
18 So these owners do not have to do anything. They do
19 not need to contact the Department of Finance. We
20 are looking at New York State STAR credit records and
21 sending out those checks.

22 CHAIRPERSON BRANNAN: So what... and how will it
23 be delivered? What should people look for in the
24 mail? Is it a check from... from the city?

2 DEPUTY COMMISSIONER SHEAR: The check is being
3 mailed by a vendor working for the city. We are not
4 putting any special note on the on the envelope. We
5 don't want to signal to anyone... any bad actors.
6 But it will be addressed to the names of registered
7 property owners.

8 CHAIRPERSON BRANNAN: And so one of the things
9 we... we fought hard to include here is that for the
10 first time this rebate will be this rebate will be
11 available to homeowners who owe money. So the idea
12 is that the homeowner is instead of receiving a
13 rebate check will receive the value of the rebate as
14 a credit. Will the credit be applied to those owners
15 accounts at the same time? How will that be done?

16 DEPUTY COMMISSIONER SHEAR: Yes. So for those
17 owners who were able to automatically verify
18 eligibility, we will apply those credits to their
19 accounts at about the same time that we issue the
20 checks.

21 CHAIRPERSON BRANNAN: And will they be given a
22 separate notification that... that that's been done?

23 DEPUTY COMMISSIONER SHEAR: Yes.

24 CHAIRPERSON BRANNAN: Okay. And, you know, one
25 of the things we've been dealing with now, as the

2 state checks have gone out, is explaining to folks
3 who might not be currently signed up for STAR, but
4 are eligible and qualify. So for people... For the
5 city rebate, for people who do not automatically
6 receive the rebate, is there an outreach campaign
7 for... to tell folks to apply? And how's that going
8 to work?

9 DEPUTY COMMISSIONER SHEAR: Yes. So the first
10 level is that we are going to be sending letters to
11 people who we think may be eligible for the rebate.
12 So that would include people who currently get STAR,
13 but where we were not able to verify their
14 eligibility. And then there will also will be
15 leathers though people who are non-STAR owners who
16 may be eligible. For example, owners who have the
17 Senior Citizens Homeowner Exemption, and who do not
18 have STAR would meet the residency and the income
19 threshold, so they should be getting it. We will be
20 sending them letters and encouraging to go to a
21 website that we are setting up that will allow people
22 to electronically give us the information needed to
23 verify that they are eligible. There will be no need
24 to send emails, or send us PDFs. The information can
25 be uploaded to our website.

2 So that is the first level of the outreach
3 campaign. But I'm going to pass the microphone over
4 to my colleague, Jackie Gold, who can talk about
5 other outreach efforts that we'll have.

6 ASSISTANT COMMISSIONER GOLD: Thank you, Jeff.
7 Good morning or Good afternoon.

8 So the Department of Finance has a very robust
9 outreach unit. Our Director of Outreach is here with
10 us today, as is our Director of Constituent Services.
11 And we have been working very closely with all of the
12 Council members as the new council was seated. We
13 sent out welcome packets to all of the members and we
14 have been reaching out to your... you personally or
15 to your constituent service staff. And we've been
16 walking in through the various programs that we have
17 for homeowners. And we will continue to do that.

18 We will also be putting together a virtual
19 webinar, which we will be advertising and looking for
20 you to help us promote so that folks can tune in and
21 learn about the rebate and see if they're eligible,
22 and how to apply.

23 And we will also be obviously putting information
24 on our website, and we'll be reaching out to our
25 community partners, and to our sister agencies and

2 providing information. So we will be doing
3 everything that we can to get the word out. And
4 we'll be working hand in hand with The Administration
5 at many different levels.

6 CHAIRPERSON BRANNAN: That's... That's very
7 helpful. I think, typically someone gets a letter
8 from DOF, it doesn't... doesn't have a great feeling
9 before you open it. But this way, we're... we're
10 actually doing some good. And I think it's important
11 that as many people not only take advantage of it,
12 but are made aware that it's available to them. So
13 and that's... that's a big push of this Council that,
14 you know, if we're actually in this case, for the
15 first time and 15 years putting money back in
16 people's hands, I think it's important that we do as
17 much outreach as we can. So.

18 ASSISTANT COMMISSIONER GOLD: Agreed. Our goal
19 is to ensure that every person who is eligible
20 receives the rebate.

21 CHAIRPERSON BRANNAN: That's great. Okay, I'm
22 now going to hand it over to some of my colleagues
23 for questions. I appreciate your testimony. I'm
24 going to hand over now to one of our bill sponsors
25 today, Councilmember Carr.

2 COUNCILMEMBER CARR: Thank you, Chair Brannan.
3 Thank you again, for coming. I really appreciate the
4 testimony. And that, you know, wonderfully, we're in
5 agreement on in the principle of this bill, which is
6 to help struggling property owners, and we just have
7 to work to get the details right. And I appreciate
8 that we'll have some good faith conversations moving
9 forward on top of the one you've already been having.

10 DEPUTY COMMISSIONER SHEAR: Absolutely.

11 COUNCILMEMBER CARR: I just wanted to talk a
12 little bit about, you know, when we're looking to
13 make this effective. You said you didn't want it to
14 be retroactive and your testimony. When do you think
15 you could get the system online, if we were to pass
16 this? And so when could we start to bring in a new
17 effective rate?

18 DEPUTY COMMISSIONER SHEAR: Right? So that's a
19 good question, Councilmember. There are two factors
20 that play into this. So that the more important one
21 regarding the timing is the legal factor. So we
22 first require a review from the law department as to
23 whether the rates set for fiscal year 23, which has
24 already gone through the process that was alluded to
25 earlier. So the Banking Commission made

2 recommendations this past May, and then the Council
3 passed resolutions in June setting the rates for
4 fiscal year 23. So the law department is looking to
5 see whether that rate can be changed in the middle of
6 the fiscal year. So we do not yet know the answer of
7 their review. And obviously, that's going to be a
8 yes-or-no call. If it is permitted... legally
9 permissible, we will we are looking at -- on a
10 parallel path -- what we would have to do in terms of
11 IT programming to have it available for some portion
12 of the year.

13 COUNCILMEMBER CARR: So you think that we could
14 potentially have it, you know, in the new calendar
15 year when we're hitting the third quarter? Is
16 that... Is that a possibility?

17 DEPUTY COMMISSIONER SHEAR: I think if it's
18 legally permissible, we likely could have it ready by
19 the fourth quarter of the year.

20 COUNCILMEMBER CARR: Because I think, you know,
21 many of us, you know, made our vote on the interest
22 rate adoption in the hope that we could change this
23 in the midst of the fiscal year and provide, you
24 know, a lower rate for those who are going to enter
25 into these agreements. And then to hear that

2 possibly we can't even do that. And then even if we
3 legally can, maybe, logistically, it's not possible.
4 I think that that would be a disappointment because I
5 think we want to try to bring them up as soon as
6 possible.

7 DEPUTY COMMISSIONER SHEAR: Understood. At this
8 point, if it is legally permissible we're looking at
9 haven't implemented by the fourth quarter.

10 COUNCILMEMBER CARR: In terms of income
11 eligibility, I think you said you want to make sure
12 that it's... it's carved to those who most need it.
13 What do you think is the appropriate income level for
14 this? Because right now, we're not means testing the
15 program in this draft. Where... Where would you peg
16 it?

17 DEPUTY COMMISSIONER SHEAR: Right. So we
18 certainly don't want to be negotiating numbers during
19 the Council meeting... hearing. And we do look
20 forward to having that back and forth with the
21 Council. What I would say is, as a starting point,
22 we have looked at our PTA program. So that program
23 stands for Property Tax and Interest Deferral. These
24 are payment plans for people who are facing a
25 hardship. This was established, working with the

2 Council, a few years ago, I believe in 2017. And so
3 there are three types of PTA payment plans for low-
4 income seniors, for people in extenuating
5 circumstances, and people wanting to have fixed-term
6 plans. And what these plans do is basically they
7 limit the amount that somebody with lower income has
8 to pay. For low income seniors, that amount can be
9 as low as zero. For the other two types of plans,
10 the amount can be as low as 2% of their income, or as
11 high as 8% of their income. So using that as a
12 benchmark, the income threshold for those plans is at
13 \$86,400 a year. So we think that's a good starting
14 point to have the discussion. But we look forward to
15 having... So we are not saying that that is the
16 number, but we think that's a good starting point.
17 And we look forward to having discussions with the
18 Council on what a good threshold would be.

19 COUNCILMEMBER CARR: Yeah, well, it sounds like
20 we're going to have to. Because, you know, when I
21 hear those kinds of numbers, that just generally
22 means not Staten Islanders, and that's the community
23 I represent. And it also means not civil servants.
24 You know, we have a lot of civil servants in the
25 city, who many of us in this body have taken pains to

2 support over the years to get better pay better
3 benefits, and they could easily make a combined six-
4 figure income when you have a fire marshal married to
5 a principal, a teacher married to a police officer,
6 et cetera.

7 DEPUTY COMMISSIONER SHEAR: Understood.

8 COUNCIL MEMBER CARR: And also the income doesn't
9 necessarily reflect past difficulties, right? We
10 want to help people who maybe are doing okay now, but
11 make it still easier for them to get out of the hole
12 that they were in, in the past prior years. So
13 income today doesn't necessarily reflect challenges
14 of the past, particularly as we come out of this
15 pandemic, and folks are, you know, maybe getting back
16 to their normal income levels, compared to what they
17 had... had over the last couple of years.

18 DEPUTY COMMISSIONER SHEAR: So one thing I
19 should... excuse me... One thing I should add is, we
20 also looked at income levels for resident owners of
21 properties assessed under \$250,000, and we looked at
22 \$100,000 of income as a round number near the \$86,000
23 mark, and we found that slightly more than half of
24 all of those home owners throughout New York City...
25 54%, and I think the figure was 51% in Staten Island,

2 make less than \$100,000 a year. So again, we're not
3 here to say that that is the figure. We're very much
4 looking forward to having the discussions with the
5 Council and hopefully arriving at a consensus figure.
6 But we did want to give that information.

7 COUNCILMEMBER CARR: Okay. Well, I look forward
8 to those continuing conversations. And I think we
9 really need to try to do a little bit better on the
10 start date, potentially, because I think we want to
11 bring this program online as soon as possible. And I
12 think we need to make sure that, you know, we're
13 letting folks know that this is going to be an
14 opportunity once we do adopt it.

15 So I'm very concerned about the outreach
16 component too. Do you have figures... I think you've
17 said in past committees on... on the on the payment
18 program that we created related to COVID where we
19 provided a payment plan for property tax non-payment.
20 Do you have the figure of those who entered into that
21 at that time?

22 DEPUTY COMMISSIONER SHEAR: Right. So I think
23 what you're referring to weren't payment plans, but
24 we gave people a period to have reduced interest
25 rates for late payments for each of the last two

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2 fiscal years as a result of COVID. And so the... the
3 number of participants for both were low. For the...
4 In the first year, there were 99 participants. And I
5 believe, for last year, it was about 640 owners
6 participated in that program.

7 COUNCIL MEMBER CARR: Okay, well, we'll definitely
8 going to have to talk about the outreach component as
9 we move forward to make sure that we're reaching
10 folks, because I think a lot of times, you know,
11 we're an underused resource with agencies when it
12 comes to getting the words out about great agency
13 benefits that we partner with you to create. So
14 definitely, we need to get the details right on that.

15 DEPUTY COMMISSIONER SHEAR: Absolutely. I can
16 tell you that we're optimistic that we can reach
17 consensus on the bill, and when a bill is passed and
18 goes into effect, that we certainly intend to reach
19 out to all owners in payment plans to advise them of
20 the availability of the lower interest rate. And I
21 think, just as we work to have outreach events with
22 Councilmembers on a host of property tax issues, we
23 would definitely add that to the agenda and do
24 outreach sessions to talk about exemptions and talk

25

2 about the availability of the lower interest rate as
3 well.

4 DEPUTY COMMISSIONER SHEAR: All right, thank you
5 for your testimony. Chair, I yield the balance of my
6 time.

7 CHAIRPERSON BRANNAN: Thank you, Councilmember.
8 Mr. Shear, I just want to just wanted to take a
9 second. I was reading over the testimony. Something
10 you said it's in your testimony: It's important that
11 a measure like this, therefore be targeted towards
12 owners who may need assistance, and does not allow
13 richer owners to effectively take out a low interest
14 loan by delaying the payment of their property taxes.
15 I think it's a misnomer. Unfortunately, it's a
16 misreading of how this bill would work. Because when
17 an owner delays payment, they have to pay the higher
18 normal rate, right? It's only when they enter into a
19 payment plan to pay off the debt and make the
20 payments on time that they actually get the lower
21 interest rate, correct?

22 DEPUTY COMMISSIONER SHEAR: That is correct.
23 That is correct. Of course, the timing comes into
24 play. So someone who is being a bad actor could
25 delay paying their quarterly or semi-annual amount,

2 and then ask for a payment plan shortly thereafter on
3 that amount in order to get a lower interest rate.

4 CHAIRPERSON BRANNAN: Okay, I see. But I mean,
5 do we have a number of folks? I mean, there's no way
6 to know who's doing that, right? But I don't think
7 it's going to be a massive amount of people trying to
8 do that.

9 DEPUTY COMMISSIONER SHEAR: We don't think it's a
10 massive amount. We just think it's appropriate to
11 target this aid to people who really need it.

12 CHAIRPERSON BRANNAN: Yeah. Agreed. Okay. I'm
13 going to turn it now to Councilmember Brewer and then
14 Councilmember Brooks-Powers for questions.

15 COUNCILMEMBER BREWER: Thank you very much. I
16 have a question because a lot of the co-op owners, I
17 think are older and they bought their co-ops a long
18 time ago. Now they're on fixed incomes, etc. So
19 while you're doing this outreach on STAR, are you
20 also going to be working with... Obviously you also
21 handle the SHI and SCRIE. So will you also be
22 working to see if people are eligible for any other
23 benefits? In other words, to kind of see... Or do
24 you think that everybody who signed up for SHI has
25 already done so? I'm just trying to find ways that

2 every single human being can take advantage of these
3 benefits.

4 DEPUTY COMMISSIONER SHEAR: Yeah, so I'm going to
5 turn that over to Jackie Gold. We have an ongoing
6 outreach program to make sure that the exemption
7 programs are as fully utilized as possible.

8 COUNCIL MEMBER BREWER: So many people just don't
9 sign up. But go ahead. They just they just don't.
10 I know this because SCRIE is an ongoing issue and I'm
11 sure that SHI is too, but go ahead.

12 ASSISTANT COMMISSIONER GOLD: So you speaking of
13 SHI and SCRIE, the homeowners' program. So we
14 have... Year round, we have homeowner informational
15 sessions, where we, you know, we try to find people
16 who are eligible for the benefits. We have... Every
17 year when we have the notice of property value
18 sessions in February, obviously exemptions and
19 payment agreements and payment plans are a big part,
20 because that's when folks are really finding out what
21 their taxes will be.

22 Also, around lien sale time, one of the biggest
23 things that we did was try to get people into the
24 program, because obviously that pulled them from the
25 sale. And also around July, when the first bills

2 come out. Whenever we're doing our... our outreach
3 which we do, you know, every day of the year. We're
4 sort of focusing on things that are, you know, that
5 are timely. Obviously, you know, the... the, you
6 know, we... we very much value the partnership that
7 we have with counsel. You know your constituents
8 better than we do. And sometimes you have better
9 ways of reaching them than we do. So...

10 COUNCIL MEMBER BREWER: I'm just trying to say
11 that SCRIE doesn't get to everybody, so I assume SHI
12 doesn't either. But okay, we'll keep working at it.

13 Second question. When you have the envelope
14 going out. These envelopes have gone out in the
15 past. I've been around long enough to have known of
16 another rebate in the past. How many of them get
17 thrown away? Do you have any sense? How long can
18 the person... that people will throw it away? They
19 won't know that it's a rebate. Because I know you're
20 afraid to put anything on the front like "money
21 enclosed" because...

22 DEPUTY COMMISSIONER SHEAR: That's correct.

23 COUNCIL MEMBER BREWER: I understand some thief
24 will take it. I got it. But are you going to do
25 some advertising that these checks are coming?

2 People... The garbage you get in the mail that looks
3 like a check, this will be similar and it's going to
4 go in the garbage. So I'm just wondering, how are
5 you thinking about handling that? I mean, is the
6 mayor going to say this money is coming? Are you
7 going to do something to say?

8 DEPUTY COMMISSIONER SHEAR: We very much look
9 forward to the passage of this bill.

10 COUNCIL MEMBER BREWER: It'll pass and then what?

11 DEPUTY COMMISSIONER SHEAR: And we plan to
12 publicize it. So I don't know what... I can't answer
13 whether the mayor personally is going to, but The
14 Administration definitely plans to publicize this and
15 to tell people to expect these checks.

16 COUNCIL MEMBER BREWER: Okay. And then why would
17 somebody... I know, you said that folks have not
18 signed up for STAR. I get STAR, so I'm very familiar
19 with it. But what would it be in a situation where
20 somebody would not have known about it? Is it like
21 the SHRIE/SHI problem where people just don't sign up
22 for STAR?

23 DEPUTY COMMISSIONER SHEAR: Yes.

24 COUNCIL MEMBER BREWER: Same... same situation.
25 Okay.

2 And then the other issue I have quickly is do
3 have some sense when we're talking about people who
4 go into payment plans. I hate anybody who ends up...
5 who's a homeowner who ends up in a lien sale. We're
6 all trying to stop that. It's horrible to lose your
7 home. Do you have some sense of how many people have
8 participated in a... in a payment plan, who then
9 don't make it and end up in a lien situation? Do you
10 find out that the payment plan really works? That
11 they do end up being able to keep their homes? Are
12 there any statistics on that?

13 DEPUTY COMMISSIONER SHEAR: No. I can try to get
14 some statistics on that. Obviously, the authority
15 for the lien sale has expired. We're not holding a
16 lien sale this year. We can look...

17 COUNCIL MEMBER BREWER: But it could happen in the
18 future. That's what I was concerned. Yup.

19 DEPUTY COMMISSIONER SHEAR: We can... We do know,
20 from past lien sales that entering into a payment
21 plan is a very common way for properties to be
22 removed... properties that are in the at-risk pool
23 from having their... their lien sold. So we do find
24 that it's a very effective tool. And frankly, most

2 of the applications for payment plans in the past
3 have come in during the lien sale outreach period.

4 COUNCIL MEMBER BREWER: Thank you very much, Mr.
5 Chair.

6 CHAIRPERSON BRANNAN: Councilman Brooks-Powers.

7 COUNCIL MEMBER BROOKS-POWERS: Thank you, Chair
8 and good morning. A couple of questions. Intro 524
9 would require the Banking Commission to recommend a
10 prime interest rate that would be at least equal to
11 the most recently determined federal short term rate.
12 How does this rate compared to the rates the Council,
13 most recently set?

14 DEPUTY COMMISSIONER SHEAR: I'm going to have the
15 treasurer answer that question.

16 TREASURER JACKMAN: Good morning. Um, yes, that
17 is one of the things that we absolutely consider for
18 the Banking Commission, when we are making
19 recommendations for the rates. We look at prime
20 rates. We look at other rates that are property
21 backed, like HELOC loans and mortgage rates to see
22 what the cost of money is when the loan is against
23 property. So those are some of the rates that we
24 look at. We look at the forward rate curves. We
25 also check and see what the Federal Reserve is

2 predicting for the future, and all of those rates.
3 And because my office, the Treasury, is involved in
4 investing the money every day, we pretty much know
5 where the rate... interest rates are at the present
6 moment.

7 COUNCIL MEMBER BROOKS-POWERS: So how does that
8 rate compared to the rate that the Council set?

9 TREASURER JACKMAN: Well, the... the prime rate
10 was 4% at that point, and Council chose 4%.

11 DEPUTY COMMISSIONER SHEAR: Right. I... So I
12 think the way it operates is that's currently, I
13 believe the language, for our setting rates for
14 properties with an AV under \$250,000. And what the
15 bill does is it sets up a process, because as The
16 Treasurer was saying, the Banking Commission this
17 past year recommended the rate of 6% for those
18 properties, and when the Council chose to act, it
19 adopted the resolution that set the rate at 4%. So
20 what the bill does is it authorizes the Banking
21 Commission to have a separate recommendation for
22 interest rates for payment plans. And then that
23 gives the Council the authority when they adopts the
24 resolution to adopt a different interest rate for
25 those properties.

2 COUNCIL MEMBER BROOKS-POWERS: So to be clear,
3 the... the rate that was recommended initially was
4 6%, and the Council set it at 4%.

5 DEPUTY COMMISSIONER SHEAR: Right. And what this
6 bill does is it divides that population into two
7 pieces. So for example, the Banking Commission
8 could... could have recommended 6% for properties
9 under \$250,000, and say 5% for properties under \$250
10 in the payment plan. And then the Council could say,
11 "no, I want that to be 4% for properties, and 3% for
12 the properties in the payment plan." So it creates
13 another tier for the Council to act and adopting
14 interest rate recommendations.

15 COUNCIL MEMBER BROOKS-POWERS: And then in terms
16 of -- just going back to the outreach question, and
17 wanting to go little bit further with it -- How would
18 the Department of Finance handle a situation where a
19 homeowner was eligible for a lower interest rate, but
20 was not enrolled in one? So I know like you got two
21 questions about it. But I just wanted to understand,
22 like what's in the toolbox to be able to get those
23 folks?

24 DEPUTY COMMISSIONER SHEAR: Yes. So the first
25 tool would be that when this becomes law, we plan to

2 communicate to everyone in the payment plan, and let
3 them know that if they are under whatever income
4 ceiling that we agree upon, that they are eligible
5 for the lower rate.

6 We also would add that to all the information
7 that we currently incorporate in our property tax
8 outreach program. So we have outreach sessions, when
9 it comes to notices of property value. We run
10 sessions with Councilmembers, and since some of the
11 Councilmembers here are new to the Council, or maybe
12 returning members of the Council. So if you haven't
13 participated, we will partner with a Councilmember to
14 do an outreach session in your district, because we
15 acknowledge that you're able to do outreach to the
16 public that we are not able to. So the outreach
17 sessions are always better... better attended when we
18 partner with you. So if we do an outreach session
19 with you, we will make sure that that gets added to
20 the agenda, in addition to all the other issues that
21 you might have, for example, ensuring higher
22 participation rates for our exemption programs, which
23 Councilmember Brewer talked about. It will be part
24 of a full presentation of property tax engagement.
25 So we definitely will plan to... to add that and to

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2 be proactive and letting the public know about the
3 availability.

4 COUNCIL MEMBER BROOKS-POWERS: And I just have two
5 last questions. One, if a homeowner believes that
6 they were mistakenly denied, what would the appeal
7 process be?

8 DEPUTY COMMISSIONER SHEAR: I'll have to get back
9 to you on that.

10 COUNCIL MEMBER BROOKS-POWERS: So there's not one
11 established yet?

12 DEPUTY COMMISSIONER SHEAR: No, I think that's
13 something that we would have to have our attorneys
14 review. Because if we are able to make the criteria
15 very simple, such as an income threshold, I don't
16 know... Hopefully, it's a yes-or-no type of
17 question. But we will review that with our attorneys
18 in case there's disagreements about say income
19 definitions, etc.

20 COUNCIL MEMBER BROOKS-POWERS: And then the last
21 question would be what happens if the homeowner's
22 income exceeds the threshold at some point after
23 they've signed up?

24 DEPUTY COMMISSIONER SHEAR: That's an excellent
25 question, Councilmember. So I think when we work

2 together to draft that bill, we have to address that
3 situation.

4 COUNCILMEMBER BROOKS-POWERS: Thank you.

5 DEPUTY COMMISSIONER SHEAR: You're welcome.

6 CHAIRPERSON BRANNAN: Councilmember Farias.

7 COUNCIL MEMBER FARIAS: Hi, thank you. So I just
8 have a couple of questions, and I'll try to be as
9 brief as possible. In connection to what my
10 colleague just asked, around exceeding income or
11 screening of income? Do we know if there'll be an
12 annual renewal or requirement for people to provide
13 more information on what their incomes are? Are we
14 asking for W-2s? Like what is the process?

15 DEPUTY COMMISSIONER SHEAR: Right. So at this
16 time, we're not envisioning an annual re-enrollment.
17 So we're thinking of this as a one-time entry.

18 COUNCIL MEMBER FARIAS: Even... even with setting
19 a cap on income? Because that's what we're doing,
20 right? We'll be setting a somewhat of...

21 DEPUTY COMMISSIONER SHEAR: A ceiling. Yes.

22 Yes. So you're right: A cap. At this time, we're
23 not envisioning having a reenrollment process. And
24 we also are envisioning an enrollment process similar
25 to the one that we're setting up for the rebate

2 program. So for example, for... on the rebate
3 program, we are asking people to provide their tax
4 identification number and permission for us to check
5 their income levels, rather than having them submit
6 all sorts of forms in order to qualify. So we're,
7 we're trying to streamline that process. Certainly
8 for the rebate program we are, and we would like to
9 apply a similar process for this program.

10 COUNCIL MEMBER FARIAS: Okay. So in that essence,
11 that will mean that you folks will come up with your
12 annual or biannual process of checking folks... or,
13 you know, two times a year if you want... every six
14 months, if you want, and then people will be auto-
15 enrolled out, if they are beyond the cap, or the
16 ceiling?

17 DEPUTY COMMISSIONER SHEAR: So we will get back
18 to Councilmember.

19 COUNCIL MEMBER FARIAS: Sorry. I'm just trying to
20 better understand.

21 DEPUTY COMMISSIONER SHEAR: They're excellent...
22 excellent operational questions that we deal with all
23 the time. So we appreciate it. So thank you, and we
24 will get back to you.

2 COUNCIL MEMBER FARIAS: Awesome, thank you. And
3 if the city wants to change income thresholds in the
4 future, for example, to keep up with inflation, how
5 hard will it be for the Department of Finance to
6 update this system?

7 DEPUTY COMMISSIONER SHEAR: It would not be hard
8 for DOF to update the... the system.

9 COUNCIL MEMBER FARIAS: Okay, great. And then,
10 oh... so recently -- and I know other applications
11 have come into play, or in a line of questioning,
12 like SCRIE and DRI, the counselor had worked with
13 getting a list of SCRIE applicants that were that in
14 need of renewals, so we can help proactively with the
15 outreach. Would you folks be interested in, if there
16 are a grouping of folks that are going to receive the
17 rebates in the mail, and we definitely don't want to
18 put on an envelope, "There's money in here, please
19 open this." Would you be interested in working with
20 individual Councilmembers who have a list of people
21 that will be receiving, so we can help with
22 additional outreach and support and making sure that
23 they are paying or being mindful of mail and are
24 cognizant that they should be opening and not
25 shredding it?

2 DEPUTY COMMISSIONER SHEAR: We will have to get
3 back to you on that.

4 COUNCIL MEMBER FARIAS: Okay. And I think... I
5 think that's all I have. Thank you so much.

6 CHAIRPERSON BRANNAN: Okay, we look forward to
7 working with you on these initiatives to get as many
8 folks to take advantage of it as possible, folks who
9 are in need of these initiatives. So we appreciate
10 your willingness to partner with us on that. You
11 know, Councilmembers know their districts better than
12 anybody. So I think we always know the best way to
13 get the word out. And we look forward to continuing
14 this work together. So thank you so much. And with
15 that, this hearing is adjourned.

16 [GAVEL]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date August 24, 2022