City Council Committee on Finance Hearing on the Recommendations of the Advisory Commission on Property Tax Reform

Testimony given by
Commissioner Preston Niblack

November 15, 2022

Good morning, Chair Brannan, members of the Finance Committee, and members of the City Council. I'm Preston Niblack, Commissioner of the Department of Finance.

I'm here today to testify on behalf of the administration of Mayor Eric Adams on the subject of reforming New York City's system of taxation of real property.

Today I'd like to start with a quick overview of the current system's main features, highlighting in particular some of the features of the system that were the subject of recommendations by the Advisory Commission on Real Property Tax Reform. The Advisory Commission was empaneled by Mayor de Blasio and Speaker Johnson in 2018. The Commission's final report was delivered, as you know, in December 2021.

Then I'll review the Advisory Commission's recommendations for reform. The Advisory Commission did an excellent job in analyzing the shortcomings of the current system and laying out a plan to make the system fairer and more transparent. Circumstances have changed since the Commission did the bulk of its work before the COVID pandemic. We are reviewing the Advisory Commission's recommendations to make sure we fully understand their impact on New Yorkers and determine whether they should be modified. Also, a review is needed of issues that the Advisory Commission didn't tackle or propose changing. This is work that needs to be done by both the Administration and the City Council.

So today I will also present some additional preliminary analyses of the Commission's proposals to help members of the public and you, their elected representatives, gain a deeper understanding of the impacts of the Commission's recommendations for taxpayers.

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As I said, I'll start with a quick overview of the current system's main features – highlighting in particular those that were the subject of the Commission's recommendations.

First, under the Real Property Tax Law, there are four classes of real property subject to taxation.

Class 1 consists primarily of one-, two-, and three-family homes. Class 2 consists of multifamily residential buildings with more than three units. Within Class 2 are two subclasses of particular note in the context of the Commission's reform proposals: Class 2A, consisting of four- to six-unit rental buildings, and Class 2B, consisting of seven- to ten-unit rental buildings.

Class 3 includes property of regulated utilities. Class 4 consists of commercial properties, including office buildings, stores, hotels, factories, and warehouses, as well as many exempt non-profit properties such as hospitals, churches, and cultural facilities.

Properties are valued differently in each class to determine their taxes. Class 1 is currently the only class in which properties are valued based on the sales price of similar properties.

Class 2 large rental properties and most Class 4 commercial properties are valued based on the income capitalization method, where net operating income is divided by a capitalization rate to determine market value.

One peculiarity of this system is that Class 2 co-op and condo apartments – that is, homeownership properties – must be valued *as if* they are income-producing rental properties without regard to how they are valued in the sales market. This introduces some significant disparities in tax burden between similarly-valued properties that are used for the same purpose – namely, as someone's home. Notably, because of the lack of "comparable rentals" at the highest end of the co-op and condo market, there is a significant degree of compression of values, resulting in lower effective tax rates – that is, taxes paid per $100 of market value – on properties that sell for millions of dollars.

For example, it was widely reported a couple of years ago that a hedge fund billionaire purchased a condo apartment for $240 million, but its property tax in FY21 was only $549,000. That's an effective tax rate of just 23 cents per $100 of market value – compared to an average effective tax rate of 73 cents per $100 of market value for all condos citywide.

Another feature of our current system is that the tax rate adopted by the City Council each year is not applied to the *market* value that DOF has calculated, but rather to a fraction of the market value – the assessed value – under a system known as fractional assessment.

Class 1 properties are taxed based on a target ratio of assessed value to market value of 6% (subject to caps on how quickly they can be increased, discussed further below), while other classes are taxed based on a ratio of 45% of assessed value to DOF market value.

Fractional assessments are a common feature of property taxation in other jurisdictions, but they add a layer of complexity when taxpayers are trying to understand how their tax bill is calculated.

Adding more complexity are statutory caps on the allowable growth in taxable assessed value (the AV growth caps). On Class 1 properties, the caps are a maximum increase of 6% in any given year and a maximum increase of 20% over any five-year period. Class 2A and 2B small rental buildings also have AV growth caps of 8% per year and 30% over five years.

This can create confusion and frustration for homeowners who see their market value flat or even declining but see their assessed value – and hence their taxes – continue to rise until the ratio of assessed value to market value reaches the target for that class.

Just as significantly, the AV growth caps create inequities across properties within the same tax class. A homeowner in a gentrifying neighborhood with rapid growth in market values may see the growth in assessed value of their home lagging the market due to growth caps. This will cause the property to be relatively undertaxed compared to a home in a neighborhood where market values have not grown as rapidly.

Finally, to add yet one more level of complexity and opacity to the whole mix, while the Council adopts one tax rate for the year, there are actually four distinct tax rates, one for each property class. These tax rates are derived from the so-called class shares of the total amount of property taxes billed (known as the tax levy). The class shares system constrains how the total levy is divided among the four classes, limiting the degree to which the relationship among the classes can change, even if the market value of one class is increasing faster than the other classes. It is fiendishly complex, and few people actually understand the mechanics of the calculation.

So, with that brief background on the current system, let me turn now to an overview of the Advisory Commission's recommendations, and how the Commission proposed to address some of the distortions, inequities, and lack of transparency in the current system.

The Advisory Commission's work was guided by a few values and objectives:

First, make the property tax system fairer. We refer to fairness in taxation in terms of both horizontal equity and vertical equity. Horizontal equity means that similarly valued properties that have similar uses should pay roughly equal taxes. Vertical equity means that effective tax rates should be proportional to the value of a property. In the words of the Final Report, the Commission sought "to strip the system of the features that lead to structural inequalities."

Second, make the property tax easier to understand by eliminating elements of the system that make it difficult to understand how your tax bill is calculated.

Third, the Commission sought to ensure that low- and moderate-income homeowners can afford their tax bills and remain in their homes and communities.

Finally, the Commission was charged with crafting a revenue-neutral reform proposal.

To accomplish these objectives, the Advisory Commission proposed four key structural changes to the current system.

First, the Commission proposed the creation of a new residential tax class that would include current Class 1 one- to three-family homes, plus co-ops and condos currently in Class 2 and the small rental buildings currently in classes 2A and 2B. For convenience I'll refer to this as the New Class 1.

Second, properties in the New Class 1 would all be assessed based on sales-based market value. That is, the sales-based valuation currently applied to Class 1 one- to three-family homes would be extended to co-ops and condos, so that their treatment would be uniform. It also would be extended to the valuation of small, four- to ten-unit rental buildings.

Third, the Commission proposed ending the unnecessary and confusing fractional assessments in all classes and simply applying tax rates to market values.

Finally, the Commission proposed doing away with the assessed value growth caps on Class 1 and Class 2A and 2B properties. Instead, changes in market value would be phased in over five years. This is the current practice for market value changes for Class 2 large rental buildings and Class 4 commercial properties.

These four structural changes would result in a vastly simpler, more transparent system that would get rid of many of the inequities in tax treatment that are embedded in the current system, while greatly simplifying the system for taxpayers.

To promote homeownership as a key element of stable communities, and to ensure that low- and moderate-income households can afford their property tax bills, the Commission added two targeted homeowner relief programs on top of its structural reforms: a homestead exemption, and a circuit breaker.

A homestead exemption excludes a portion of the taxable value of a home that is occupied by the owner from taxation. The Commission put forward two possible versions: a 20% flat rate exemption that would phase out as household income rises, and a slightly more complex, graduated marginal rate exemption. Under the flat rate version, a primary resident homeowner with household income up to $375,000 would see 20% of the market value of their home exempted – that is, they would pay tax on 80% of the value of their home. More well-to-do households would pay tax on a progressively larger share of their home value, up to a household income of $500,000 when the exemption would phase out entirely.

A circuit breaker is another common feature of property taxation in many jurisdictions. Its purpose is to ensure that lower-income households can afford their property tax bills by granting the homeowner a credit for property taxes above a certain percentage of their income. The Commission's proposal was to fully exempt property taxes above 10% of income (up to a maximum $10,000 total benefit) for incomes up to $58,000. Owners with an income between $58,000 and $90,550 would receive a declining percentage of the amount by which property taxes exceed 10% of income.

The Commission also recommended replacing the arcane and complicated class shares system with a system in which the relationship between individual class *rates* would be fixed for a five-year period. Any change in the overall tax rate would simply result in proportional changes in each class's rate – if the Council were to lower the property tax rate by 10%, for example, each class's tax rate would go down 10%.

Those were the Commission's key recommendations for reform. Taken together, they would transform a complex and arcane system riddled with inequities and distortions into a simpler, fairer system that would be easier for taxpayers to understand. The benefits in terms of the basic credibility of the system to taxpayers would, not incidentally, be considerable.

What about the remaining classes of property, however? And what did the Advisory Commission *not* do?

The Commission did not recommend any change to the treatment of Class 2 large rental buildings. These are income-producing properties for their owners, and the Commission found – and we agree – that the income capitalization approach to valuing them is the correct one.

But what about the renters themselves? The tax burden on large rental buildings is significantly higher, measured by their effective tax rates (again, the taxes paid per $100 of market value) than it is on other residential property. The Commission recognized and acknowledged that renters pay at least some share of property taxes through their rents. In a tight market such as New York's, owners of unregulated apartments will generally be able to pass along increases in property taxes in the form of higher rents. However, because it is difficult to ensure that any tax reduction would be passed through to renters, the Commission did not make a specific recommendation for renter relief.

The potential impact on renters is of particular concern amidst the current affordable housing shortage and as New Yorkers are already facing rising rents and inflation. Addressing this issue will require careful consideration of potential solutions and caution to avoid any possible adverse implications that would further restrict the availability of affordable housing.

There was also no discussion in the Commission's report on the future of tax incentive programs, such as the recently expired 421a program, which encourage the production of affordable rental housing.

Finally, the Commission did not recommend any change in how Class 4 commercial properties are taxed, finding that as a general matter the tax burden in New York City on such properties was comparable to that in other large cities across the country.

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Now I would like to turn our attention to what taxpayers could expect if the Commission's proposed reforms were enacted and highlight a couple of issues that raise some concerns for us.

In what I'm about to present and discuss, we've modeled what I'll call the baseline reform model, which includes the 20% homestead exemption and the circuit breaker, both which are financed within the system – that is, by using a slightly higher tax rate on the New Class 1 to pay for homeowner relief, rather than funding from an external source or by raising the rate on other property classes.

First, the majority of all properties – 63% (almost 855,000 parcels) -- in the New Class 1 would see a reduction of at least 5% and at least $100 in their property tax compared to currently (as of 2021). The median decrease would be about $1,500 per year, or 30%. A larger share of primary-resident homeowners in the New Class 1 – 73% – would see a decrease in their tax bill. The median reduction for them would be roughly similar both in dollar terms and in percentage terms.

Inevitably, however, in a revenue-neutral approach, reducing the existing inequities in the system means that some owners who are currently relatively overtaxed would pay less under reform – and some who are relatively undertaxed would pay more.

Thus, 28% of all properties in the New Class 1 (about 374,000 parcels), and one in five primary residents, would see an increase in their property tax of at least 5% and at least $100. The median increase would be about $2,000 per year or 36%. A small share of properties would see minimal or no change.

The distribution of reductions and increases matters, obviously. The Advisory Commission's recommended approach would vastly improve both horizontal and vertical equity amongst homeowners compared to the current system.

In terms of horizontal equity, the Commission's recommendations would greatly reduce the disparity in effective tax rates paid by property owners, which currently vary widely. In FY 2021, half of primary resident owner-occupied properties had an ETR of between $0.60 and $1.00 per $100 of market value in FY21. Under reform this range would be reduced substantially, with half of all taxpayers falling between $0.57 and $0.75. This is a huge gain in horizontal equity and would help eliminate the systemic biases embedded in the current tax system – largely through eliminating the distorting effect of AV growth caps.

In terms of vertical equity, the Commission's proposed reforms would also represent a vast improvement. Most taxpayers with household incomes below $500,000 would see a tax reduction, with the largest reductions going to the lowest-income households. In contrast, higher-income households would generally see a tax increase. This correction in the direction of greater vertical equity arises from two causes: First, by capturing more of the value of high-end co-op and condo apartments under a sales-based valuation approach. Second, by providing targeted homeowner relief to lower-income households to reduce their tax burdens.

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Now, again, it's important to bear in mind that since there were no proposed changes to the remaining classes of property, the revenue neutrality constraint applies entirely within the New Class 1. For this reason, given that more property owners will see a tax decrease than a tax increase, the median decrease would be less than the median tax increase.

Moreover, benefitting primary resident homeowners in the New Class 1 would mean that much of the burden would be shifted onto non-primary residents and other properties. While over 70% of one- to three-family homes, co-ops, and condos are owner-occupied, the rest are largely rented by owners to tenants, and many of these properties would be subject to increases.

In particular, we have concerns about what this would mean for the small, four- to ten-unit rental buildings currently in classes 2A and 2B. Because these buildings also have caps on growth in assessed value, they are often taxed on an assessed value well below the target ratio of 45% of market value. Taxing them based on sales-based market value in the same class with one- to three-family homes, co-ops, and condos would result in a tax increase on 58% of these buildings.

We need to understand the impact of tax reform on renters in the New Class 1 to ensure they are not adversely impacted by tax reform.

These broad issues – the distribution of tax burdens between owners and renters within the New Class 1, and relief for renters in the larger Class 2 buildings – are ones that concern us and that we think require further examination in developing recommendations for a tax reform proposal.

Moreover, the current economic and budget environment, including rising residential and commercial mortgage interest rates and high levels of office vacancies, makes the context for reform more challenging and introduces new complexities and uncertainties in assessing the dynamics of reform proposals on different segments of the City's real property markets, and on revenues. This, too, requires further study.

That said, I want to reiterate our respect and gratitude to the members of the Advisory Commission for their work. Although there are some issues that we think require further study and consideration, the basic framework of their proposal strips away four decades of growing inequity to propose a fundamentally simpler and fairer system. We look forward to working with the City Council to build on the foundation laid by the Commission's work to create lasting change that will make New York City a fairer place for all its residents.

I look forward to your thoughts and questions.

The Commission has reached consensus on 10 final recommendations:

1. The Commission recommends creating a new expanded residential class, consisting of 1-3 family homes, coops, condominiums, and 4-10 unit rental buildings. The property tax system would continue to consist of four classes of property: residential; large rentals; utilities; and commercial.

2. The Commission recommends using a sales-based methodology to value all properties in the new residential class.

3. The Commission recommends ending fractional assessments for all property types. Each property would be assessed at its full market value. This will result in an increase in the taxable base and the tax rate required to generate the same level of revenue will decrease.

4. The Commission recommends eliminating current assessed value growth caps for the new residential class and instituting five-year transitional treatment for market value growth, whereby year-on-year changes in market values are phased-in over five years at 20 percent per year.

5. The Commission recommends creating a partial homestead exemption for primary resident owners in the new residential class. This exemption should be either a flat rate or a graduated marginal rate exemption for primary resident owners with incomes up to $500,000, with a phase-out of the benefit for owners with incomes exceeding $375,000. The Commission recommends retaining all existing personal exemption programs and eliminating the current coop-condo abatement, since recommendations 1-4 negate the need for an abatement to address inequities between 1-3 family homes and coops and condos.

6. The Commission recommends creating a circuit breaker, based on the ratio of property tax to income, in order to reduce the property tax burden on primary resident owners. The circuit breaker should be for primary resident owners with a ratio of tax paid to income exceeding 10 percent and incomes below $90,550, with the benefit phasing out for incomes exceeding $58,000. The benefit amount should be capped at $10,000.

7. The Commission recommends eliminating the current class share system and replacing it with a system that freezes relative tax rates for five-year periods. Under the new system, while the Mayor and the City Council can adjust tax rates, the tax rates for all classes may only be altered on a proportional basis within each five-year period. There would no longer be changes in tax rates driven by market value shares, as under the current system. Every five years the City would conduct a mandated study to analyze whether adjustments are needed in order to maintain consistency in the share of taxes relative to the fair market value borne by each tax class.

8. The Commission recommends that for properties not in the new residential class (rental buildings with more than 10 units, commercial parcels, and utilities), current valuation methods be maintained. There will be separate tax classes for rental buildings with more than 10 units, commercial parcels, and utilities. As noted in recommendation 3, the Commission recommends removing fractional assessments for all these tax classes.

9. The Commission recommends that for the new residential class, phase-in to the new system should occur over five years. When a property transfers during the five-year transition period, it will be fully phased into the new system the fiscal year after the transfer.

10. The Commission recommends the City institute a mandatory comprehensive review of the property tax system every 10 years by the City.

Further details on the Commission's recommendations can be found in the main body of this final report.

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Testimony of George Sweeting
Acting Director, New York City Independent Budget Office
To the New York City Council Committee on Finance
Regarding Recommendations of the Advisory Commission on Property Tax Reform
November 15, 2022

Good morning, Chair Brannan and members of the Committee on Finance. I am George Sweeting, acting director of the New York City Independent Budget Office. Thank you for the opportunity to appear before you to discuss the recommendations of the Advisory Commission on Property Tax Reform.

That the city's property tax system requires reform is well known. IBO, along with other agencies, groups, and individuals, have produced a stream of reports and proposals for improvements that could help make the system more transparent, more equitable, less of an impediment to the development of housing and less of a drag on economic development. As you know, there is also a court case challenging the system which is currently before the state's Court of Appeals. That something needs to be done is beyond dispute.

The Advisory Commission has produced a thoughtful set of recommendations to be considered by lawmakers, supported by invaluable data analysis documenting some of the biggest problems with the system. Nevertheless, the charge from Mayor de Blasio and Speaker Johnson to the Commission that its recommendations be revenue neutral, and its own decision to limit the scope of its work to the treatment of residential properties left other significant disparities largely unexamined. The fact that the Commission's final report also obscures some of the distributional impacts of the proposals is a further limitation.

The Commission's biggest structural recommendation would consolidate several types of properties (co-ops and condos, 1-3 family houses, and small apartment buildings with 2 to 10 units) into a new single residential class. All properties in the class would be valued using sales, thereby ending the confusing and counterintuitive requirement that co-ops and condos be valued using imputed capitalized net income as if they were rental properties. Limits on annual assessed value growth for properties in the new class would be eliminated and replaced by five-year phase-ins.

These changes would eliminate two of the most glaring problems in the current system. The present treatment of co-ops and condos is confusing and opaque, presents assessment challenges for the Department of Finance, and obscures how low co-op and condo effective tax rates (ETRs) actually are, particularly when taking into account the co-op condo abatement–which the Commission recommends eliminating. (ETRs measure the amount of tax owed as a share of the value of the property.) Ending the limits on annual assessment growth would eliminate the primary cause of unequal ETRs among neighborhoods for 1-3 family properties, while still providing taxpayers with some protection from rapid appreciation.

Because of the requirement that the total package be revenue neutral, these changes would create large shifts in tax burdens among taxpayers. Unfortunately, there is no presentation in the Commission's report of the number of winners and losers under their proposals, nor of how they are distributed by neighborhood. By reporting on the median change, without additional detail on the distribution, the report obscures how large the typical tax increases would be in some neighborhoods. To give some sense of the magnitude of the shifts involved, I have attached a map to this testimony that shows the results of a simulation that IBO did in 2018, as the Commission was getting underway, of a proposal to equalize the tax burden among 1-3 family properties while generating the same amount of revenue. The impact of this scenario is not that different from the Commission's proposals for 1-3 family homes.

According to our simulation, about 72 percent of such properties citywide would get a tax cut, while 28 percent would get an increase. Looking at particular areas, we see that virtually all homeowners in Staten Island would get a tax cut, while 98 percent of Park Slope homeowners would see an increase. Because citywide the number of winners far exceeds the number of losers, it is inevitable that the typical tax increase faced by individual losers is much greater than the typical decreases received by winners, as long as the requirement of revenue neutrality remains. The extent of these differences means it is likely that the level of support for these changes will vary by neighborhood.

The Commission also proposed a homestead exemption for resident homeowners in the new residential tax class and a circuit breaker for homeowners who are still overburdened even after the other changes. The proposed homestead exemption, which would only be available for a property that is an owner's primary residence and whose income is $500,000 or less, is a common feature of property tax systems across the country providing an incentive for homeownership while targeting homeowners who could most benefit. The circuit breaker, which would be applied directly within the property tax, would provide additional relief to taxpayers with property tax bills exceeding 10 percent of their income, provided their income is $90,000 or less. Again, similar programs are commonly used elsewhere and would help some lower income homeowners continue to afford their homes.

Being consistent with the mandate for revenue neutrality, the Commission recommends funding the homeowner relief by raising the tax rate within the new homeowner class, although it provides neither the cost of the relief, nor an estimate of how much the tax rate would have to be raised.

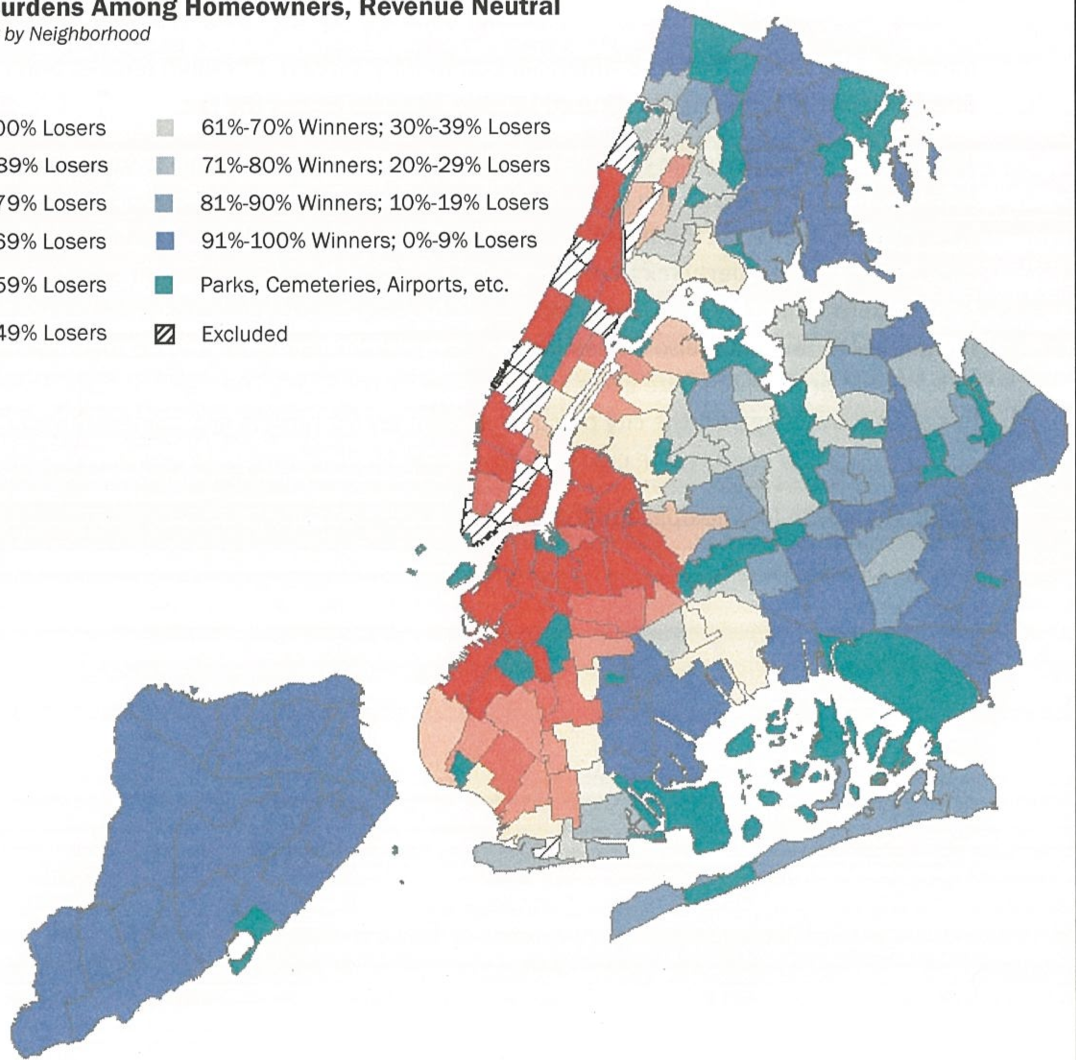
Recognizing the magnitude of the changes proposed, the Commission recommended that the shift to a new system be phased in over five years. While reasonable, this will in some ways make the system even more confusing during the transition period. Tax bills would be based on two numbers: the pre-reform amount adjusted for the year of the transition period, and the liability under the new system, with final liability based on the lower of the two numbers. The Commission's proposal to end fractional assessment and transition to full valuation is likely to generate additional demands on the city's assessing corps and the city's Tax Commission staff, as full market value replaces assessed value as the critical metric for properties in the new residential class.

The Commission offered few ideas for other property types, including utilities, commercial buildings, and large rentals (those with 11 or more units). The failure to address the differences in tax burden borne by large rentals compared with properties in the new residential class is perhaps the major shortcoming in the Commission's work. The Commission's data shows that ETRs for large rentals are nearly twice as large as those on properties in the new class. Moreover, renters generally have lower incomes (the mean for renters was $67,400 in 2020, versus $115,000 for property owners according to

data from the Census Bureau's American Community Survey). Although tenants don't pay property tax directly, a portion of their rent is used by their landlord to pay the tax.

The amount of property tax liability that the landlord can pass through to tenants depends on the state of rental market, whether the apartment is rent stabilized, and other factors, making it difficult to say how much property tax the tenant pays. Nevertheless, it seems likely that the city's renters pay more of their income for property tax than those who own their home. The wealth of data collected by the finance department for the Commission could be used to provide light on this opaque area. How to bring relief to tenants is also a question that is mentioned but not addressed in the report. Direct tenant relief would probably require using a circuit breaker operating through the income tax. The city briefly had such a credit against the city personal income tax for renters and owners that was available from 2014 to 2019. For renters, the credit assumed that 15.75 of rent paid was for property tax.

Again, thank you for the opportunity to testify and I am happy to answer your questions.



For more information see the 2018 IBO report "Addressing the Disparities: Winners & Losers in Two Property Tax Reform Scenario"

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Elizabeth R. Fine
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November 15, 2022

New York City Council
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City Hall
New York, NY 10007
Attn: Committee on Finance

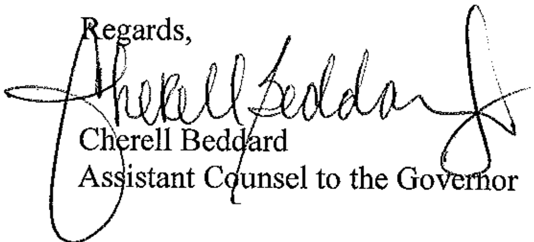
Dear Committee Staff:

Thank you for the invitation and the opportunity to testify at today's committee hearing on property tax reform. Unfortunately, I will not be able to participate.

However, we greatly appreciate all the work that the City Council is doing to address issues of great importance to the residents of the City of New York.

Again, thank you and we look forward to working with you in the future.

Regards,



Cherell Beddard
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NEW YORK CITY COMPTROLLER
BRAD LANDER

Property Tax Reform

November 2022

This is a real moment of opportunity for comprehensive property tax reform.

- Advisory Commission report outlines key features for fairness with protections.
- 421-a expiration opens opportunity to link homeowner & multifamily reform.
- Governor and Mayor have an early-in-term moment of opportunity to collaborate.
- Good moment to address longstanding concerns of outer-borough homeowners, and to create new pathways for permanently affordable homeownership.

Broad Coalition in Support of Comprehensive Property Tax Reform

DAILY NEWS

OPINION

It's time to repair NYC's unjust property taxes

By Brad Lander and Joe Borelli
New York Daily News • Oct 27, 2022 at 5:00 am

Politics

S.I. Republicans join NYC progressives to call for property tax reform

Updated: Jun. 16, 2022, 3:21 p.m. | Published: Jun. 16, 2022, 2:38 p.m.

Key Elements of Reform

Homeowner property tax reform

- Tax parity among homeowners.
- Gradual phase-in.
- Protections for potentially vulnerable homeowners.

Multifamily property tax reform

- Reduce tax rate on new multifamily rental development toward parity with condos (approx. 30%)
- Allow HPD to underwrite tax breaks for developments based on actual costs and affordability.
- Establish new Mitchell Lama-type cooperative homeownership program (in place of unaffordable 130% program in 421-a)

New York City Advisory Commission on Property Tax Reform

Final recommendations released in December 2021. Following eight in-person public hearings during 2018-2019 and five remote public hearings during 2021.

Three core problems emerged:

- 1-3 family homes, co-ops and condos are not subject to the same rules for valuation.
- The system is generally too confusing and difficult to understand.
- Differences in effective tax rates (ETR) across neighborhoods is too wide.

Valuation of Residential Properties

- 1-3 family homes (Tax Class 1 properties) are currently valued by a statistical model of recent sales of similar properties.
- Co-ops and condos are currently valued as if they are rental buildings, but because these co-ops and condos do not typically generate income, the valuation is imputed based on a statistical model of "comparable" rental buildings.
- DOF captures a decreasing share of the sales-based market value of co-op and condo units as sales value increases. Luxury co-ops and condos are consistently undervalued. A Furman Center study from 2013, found over 50 examples of sales of individual co-op units that were sold for more than the DOF estimated market value of the entire building.

Fractional Assessments

- The estimated market value of a property is multiplied by the target assessment ratio in order to determine the assessed value.
- Class 1 properties have a target assessment ratio of just 6%, while classes 2, 3, and 4 have an assessment ratio of 45%.
- Variation in ratios by property type and the additional step in determining the amount of property taxes owed confuses owners and makes the system less transparent.

Assessed Value Growth Caps

- Growth caps are meant to prevent taxes from increasing sharply as market values rise.
  - Assessed value of Class 1 properties cannot grow by more than 6% annually or more than 20% over a period of five years.
  - Assessed values for Class 2 properties with up to 10 units cannot increase by more than 8% in one year or 30% in a period of 5 years.
- Due to AV growth caps, Class 1 properties are not usually taxed at the target assessment ratio of 6%.
- In neighborhoods with significant market appreciation over time, the accumulation of growth caps can cause high-value class 1 properties to pay a lower tax (and have a lower Effective Tax Rate - ETR) than moderately priced properties.

The Commission's Recommendations

Achieve parity among homeowners (and small rental) properties

- Aggregate Class 1, Class 2 condos and coops, and small rentals (up to 10 units) in one class and uniformly value all properties at sales-based market value
- End fractional assessments and apply one tax rate to the sales-based market value
- Over time, this will reduce and ultimately eliminate disparities and bring effective tax-rates for property owners into parity, easing the burden on currently overtaxed owners.

The Commission's Recommendations

Protect potentially vulnerable homeowners

Avoid quick changes in tax burden: changes in market value smoothed over five years.

Additional protection could include:

- delay reset until sale of property
- allow deferral of tax payment (w/interest) until sale of property

Provide targeted tax relief:

- homestead exemption for owners who use the property as their primary residence, and
- circuit breakers that protect low- and moderate-income New Yorkers

Good riddance to 421-a

A better way to facilitate multifamily development

- For 40 years, rather than dealing with its structural flaws, New York State has layered on a patchwork of exemptions and abatements to lower tax rates for various owners.
- Disparity in assessment methodology means the median tax rate on rental buildings with more than 10 units is 1.53%, roughly double the current median rate for condos.
- 421-a was used to address that disparity. But at $1.77 billion in forgone tax revenue, and with widespread fraud, it was far too expensive for the few genuinely affordable units it produced.

Achieving Tax Parity for New Multifamily Development

- Tax the property in the new residential class at 1% (before exemptions, circuit breaker, and other tax programs).
- Reduces the tax rate on new rental buildings (11+ units) by 1/3

Effective Tax Rate Differential Between New Rentals and New Condos				
	Core markets (MN below 96th and CDs 1 + 2 in BK & QNs)		Non-core markets (Excludes weaker markets)	
Before reform	1.2%	1.2%	1.6%	2.2%
After reform	0.1%	0.4%	0.7%	1.0%

Effective Tax Rates (ETRs): multifamily rentals vs. condos

Type of Development	Core markets (MN below 96th and CDs 1 + 2 in BK & QNs)	Non-core markets (Excludes weaker markets)
	Current Discrepancy in Effective Tax Rate	
Rentals	1.9% - 2.2%	2.7% - 3.2%
Condos	0.7% - 1.0%	1.0% - 1.1%
	Effective Tax Rates After Reform	
Rentals	1.1% - 1.2%	1.5% - 1.8%
Condos	0.8% - 1.1%	0.8%

* Based on pro-forma simulations. ** ETR is the ratio of tax owed to sales-based market value of the property. Average ETR before reform is from recently built fully taxable developments. ETR after reform is estimated from tabulations of median rates in Advisory Commission on Property Tax Reform (2021) *The Road to Reform*.

Market-rate rental production and tax revenues with lower tax rate

- The lower tax rate makes market-rate rental housing production possible in core and non-core markets
- New tax revenues can be used on more targeted and effective affordable housing programs
- We estimate up to $100 million per year on average for each new cohort of development

* Assumes hurdle rate of 5.5% yield on cost.
** Development in weak markets continues to be fully subsidized and proceeds at the same pace.

Production of rentals with income-restrictions

Projects in core areas undergo HPD's underwriting review to receive an appropriate tax exemption (full or partial) based in projected costs and committed affordability.

- This avoids the problem of "double-dipping."

Projects outside of core markets are eligible to receive a full or partial tax exemption through a streamlined HPD approval process in exchange for the development of income-restricted housing.

Affordability mix for underwriting matches HPD programs

- Underwritten tax break matches MIH options, with opportunities for larger tax break based on enhanced affordability.
- Full tax exemption and additional subsidies available through programs such as ELLA (Extremely Low and Low-Income Affordability), SARA (Senior Affordability Rental Apartments), and the Supportive Housing Loan Program.

Labor standards

- Tax exemptions require building services prevailing wage.
- HPD underwriting can account for projects where construction is done pursuant to prevailing wage or project labor agreement (PLA).

Options make affordable housing production feasible

ETRs	Core markets (MN below 96th, coastal BK/QN)	Non-core markets (Excludes weaker markets)
	Market rate rentals	
After reform	1.1% - 1.2%	1.5% - 1.8%
Set-aside/Average AMI	Income-restricted rentals*	
20/40	1.0%	1.1% - 1.2%
25/60	1.2% - 1.4%	1.0% - 1.4%
30/80	1.2% - 1.4%	1.1% - 1.3%

* Assumes full exemption.

Increase homeownership production through 21st Century Mitchell-Lama Program

- Instead of the outer-borough 130% AMI homeownership program (only affordable to top 25% of New Yorkers) envisioned for 485w, create a new citywide, permanently affordable multifamily limited-equity cooperative program
- The program would increase outer-borough production by providing both a full property tax exemption and capital subsidy to builders
- New development in the outer boroughs that meets the demand for permanently affordable homeownership opportunities by low-and-moderate income New Yorkers
- Sales prices from moderate income buyers (80% - 110% of AMI) can cross-subsidize and create opportunity for homeownership for low-income residents (50% - 80% of AMI)
- Through Project Labor Agreements, this program could require strong labor standards for construction and building maintenance

Increase homeownership production through 21st Century Mitchell-Lama Program

- Option C + G of ANYHP created 15,028 housing units between 2017 – 2020.
    - ~70% or 10,365 of the units are market rate
    - ~30% or 4,663 of the units are affordable for households at 130% of AMI ($173,420 for a family of four)
- These units comprise almost all the income-restricted units outside of Manhattan, where in many cases they are set at prices that are indistinguishable from market-rate development in the neighborhood.
- Our proposal creates homeownership for New Yorkers at a range of AMIs: down to 50% of AMI, or $66,700 for a family of four, and up to 110% of AMI, or $146,740 for a family of four.
- With a $1 billion capital investment, New York City and State could create nearly 5,000 units of truly & permanently affordable homeownership, including the acquisition cost of land and prevailing wages for labor and building services.

Appendix

Homestead Exemption: 20%, phasing out at $500k

- Primary residents only
- Could require building services prevailing wage
- Income up to $500,000

Income	Exemption %
Up to $375,000	20%
$400,000	16%
$425,000	12%
$450,000	8%
$475,000	4%
$500,000	0%

Source: Advisory Commission on Property Tax Reform (2021) *The Road to Reform*

Circuit Breaker: Abates taxes in excess of 10% of income

- Primary residents only
- Capped at $10,000
- Income up to $90,550

Income	Abatement %
Up to $58,000	100%
$65,000	78%
$70,000	63%
$75,000	48%
$80,000	32%
$85,000	17%
$90,550	0%

Source: Advisory Commission on Property Tax Reform (2021) *The Road to Reform*

5-year smoothing (Transitional AV)

Year	Market value ("actual")	Change in market value	Smoothing of first change	Smoothing of the second change	Smoothed market value ("transitional")
1	$1,000,000	-	-	-	1,000,000
2	$1,100,000	100,000	20,000	-	1,020,000
3	$1,100,000	-	20,000	-	1,040,000
4	$1,200,000	100,000	20,000	20,000	1,080,000
5	$1,200,000	-	20,000	20,000	1,120,000
6	$1,200,000	-	20,000	20,000	1,160,000
7	$1,200,000	-	0	20,000	1,180,000
8	$1,200,000	-	0	20,000	1,200,000

Example: Primary resident Full homestead exemption

	Single family		Condo unit	
	Current	New	Current	New
Sales-based value	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Sales-based % of DOF market value	100%	100%	22%*	100%
DOF market value	$1,000,000	$1,000,000	$220,000	$1,000,000
AV ratio	3.38%**	100%	45%	100%
AV	$33,800	$1,000,000	$99,000	$1,000,000
Tax rate (FY22)	19.963%	1%	12.235%	1%
Tax before exemptions/abatements	$6,747	$10,000	$12,113	$10,000
Exemption/abatement				
Coop/condo (17.5%)	n/a	n/a	$2,120	n/a
Homestead (20%)	n/a	$2,000	n/a	$2,000
Tax owed	$6.747	$8,000	$9,993	$8,000
Effective tax rate (ETR)	**0.7%**	**0.8%**	**1.0%**	**0.8%**
Effective tax rate w/out homestead exemption		**1.0%**		**1.0%**

* Median FY21 ratio for condos with sales-based market value of $750k-$1m.

** Median 1-3 family FY21 AV ratio in Brooklyn (3.38%). Source: Advisory Commission on Property Tax Reform (2021) *The Road to Reform.*

Example: High-valued properties

	Single family		Condo	
	Old	New	Old	New
Sales-based value	$18,800,000*	$18,800,000*	$34,365,938*	$34,365,938*
Sales-based % of DOF market value	94%*	94%**	7%*	94%**
DOF market value	$17,672,000	$17,672,000	$2,405,616	$32,303,982
AV ratio	1.6%	100%	45%	100%
AV (without transitional value)	$282,752	$17,672,000	$1,082,527	$32,303,982
Tax rate (FY 22)	19.963%	1%	12.235%	1%
Tax before exemptions/abatements	$56,446	$176,720	$132,447	$323,040
Exemption/abatement				
Coop/condo	n/a	n/a	$0	n/a
Homestead	n/a	$0	n/a	$0
Tax owed	$56,446	$176,720	$132,447	$323,040
Effective Tax Rate (ETR)	**0.30%**	**0.94%**	**0.39%**	**0.94%**

* Actual transaction and property tax data.
** Assumes sales-based valuation accuracy observed for the single family property in the current system.

Transition to new system: 5-year phase-in

Assume:

1. Current tax: $3,500
2. New tax: $5,000
3. Phase-in: (New tax – Current Tax)/5 = $300/year

Year	Prior year tax	Phase-in	Tax on 5-year smoothing	Total
1	$3,500	$300	$200	$4,000
2	$4,000	$300	$208	$4,508
3	$4,508	$300	$216	$5,024
4	$5,024	$300	$225	$5,549
5	$5,549	$300	$234	$6,083

Source: Advisory Commission on Property Tax Reform (2021) *The Road to Reform*

Residential class transition based on reset upon sale only

- Existing properties:
  - Fix current ETR, implement sales-based valuation, remove fractional assessment, implement 5-year smoothing.
  - Maintain the existing ETR until sale (except for changes to exemption status)
  - No homestead exemption nor circuit breaker until sale
  - Similarly situated properties would have different tax burdens
- New properties: new system
- Revenue impact depends on sales decision

Tax revenue net of MIH-area maximum potential exemptions

Market	Tax revenue from market-rate development cohort 1, yr 1	Tax revenue from market-rate development cohort 1, yr 1 net of MIH-area exemptions*
Core	$71m	$55m
Non-core	$34m	$7m
Subtotal	$104m	$62m

* Assumes reasonable worst-case scenarios in MIH areas receives a full exemption.

Submitted Testimony of Con Edison to the
City Council Committee on Finance
Oversight hearing regarding the recommendations of the Advisory Commission on Property Tax Reform
November 15, 2022

Con Edison has reviewed the recommendations of the Advisory Commission on Property Tax (Commission). Noting the Commission's vision of "...simpler, clearer, fairer...", Con Edison was hopeful that the Commission's work would have addressed the many problematic issues with the current system of utility real property taxes – whether it be the lack of transparency, the regressive nature of how they are assessed and collected, or their large and growing magnitude in the face of combatting climate change. Unfortunately, that did not happen in this report. Therefore, we are providing testimony to highlight that Con Edison's customers, and the $2.5 billion in property tax burden they currently bear, deserve to be incorporated into this Commission's final recommendations to address their magnitude, impact on rising energy bills, and their regressive nature. Additionally, we are providing recommendations for consideration that would make the utility property tax system fairer, and more beneficial to the clean energy future we all desire.

Few New Yorkers fully understand that there are actually TWO property tax payments they are making: 1) the payment they are making on the real property they own, lease or are renting and 2) the property taxes the City of New York ("City") charges them to have an energy system that are hidden in plain sight on their monthly energy bills.

New York's property taxes, and their perennial increases, result in higher electric, gas, and steam bills for customers - in fact, property taxes have, at times, accounted for nearly 30% of energy bills in NYC. In both the current electric and gas rate case proceedings before the New York State Public Service Commission ("PSC"), as well as one that will soon be filed with the PSC for rates charged to Con Edison steam customers, property taxes are a large, if not the largest, driver of those increases that customers will see in their future bills.

For those reading this testimony that are unfamiliar with how utility property taxes affect utility customers, a utility bill consists of three parts: 1) the cost of the energy that is consumed by the customer also known as "Supply Charges"; 2) the cost of the infrastructure investments to deliver that energy, known as "Delivery Charges"; and 3) the cost of property taxes the City charges New Yorkers to have an energy system that goes to filling the City's tax levy general fund and plugging budget gaps. Those charges are collected on behalf of the City of New York in the utility bill. These are not charges on the buildings of Con Edison, but rather on the pipes, wires and other infrastructure that deliver energy throughout the City.

For context: Con Edison customers, as a class, are undeniably the largest property taxpayer in the City and the NYC property taxes in their bill have increased steadily from roughly $500M in the year 2000 to almost $2.5B in 2023 – that's more than a 300% increase. When New Yorkers talk about the steep rise in energy costs, what they may not know is that City property taxes have played a leading role in driving those bills higher.

New York is unique in the way utilities like Con Edison are assessed property taxes for the infrastructure and equipment needed to deliver energy. Instead of paying a special franchise tax, which is the national standard, utilities like Con Edison customers pay taxes on both the tangible property in the public right of way, as well as the value of the franchise right, and the authority or permission to occupy such public spaces. Additionally, Con Edison is required to pay hundreds of millions of dollars in other special fees that come in the form of

revocable consent fees, public interference construction costs, street opening permitting, to name a few. These circumstances are different from how other businesses are taxed and have resulted in an ever-increasing tax bill that contributes significantly to higher utility rates for customers. Through these taxes, fees and other special assessments, the City is undoubtedly the largest financial beneficiary of the NYC energy system.

It all adds up to a NYC real property tax system that also has the consequence of penalizing our customers for needed investments in the system, including investments to maintain high levels of reliability, storm resilience, and to meet our City and State clean energy goals. Without thoughtful utility property tax reform, these assessments will only increase as Con Edison makes the resiliency investments as we adapt to climate change, as well as the delivery capacity investments necessary to combat climate change. For example, when we make upgrades to submersible transformers in the streets of flood prone areas, or when we put in new electric distribution feeders in disadvantaged communities that are seeking to stop burning natural gas through electrification, or build big substation hubs to accept offshore wind, or install EV chargers in neighborhoods, the City property tax system will see new and higher assessments on those investments, all of which will show up as higher property taxes on utility bills. For example, if the Company added $2B of infrastructure investment in the City, our customers, would pay an annual property tax of approximately $100M on that infrastructure investment.

Indeed, through its current property tax system the City stands to make a windfall profit off the investments that will be necessary to achieve both the City's and the State's clean energy transition goals.

The unjust property tax system in NYC has already been called out as such by certain elected officials, regulators, and advocates. In fact, some PSC Commissioners have expressed major concerns about this issue. Some commissioners have repeatedly made the point that anyone who is serious about doing something about utility bills should look no further than the City of New York's property tax system.

The City is required to ensure that the assessments within each tax class are uniform. Instead, the recommendations of the Advisory Commission do nothing to change a property tax structure that is discriminatory and unduly burdens neighborhoods with lower income distribution than areas where higher-earning New Yorkers tend to live, when it comes to utility property taxes. As tax policy would show you, any class with a market share of its property greater than its share of the tax levy is receiving a tax preference, which is then absorbed by the other classes. Historically, however, utilities in NYC have been burdened (lack of advantage) by this system, wherein its class share of the property tax levy is more than double its market value. For fiscal year 2022-23, utility properties were 3% of the total market value, but its share of the property tax levy was 7%. Until this inequity it addressed by this or future Commissions, Con Edison customers will be required to pay higher and increasingly regressive property taxes on the necessary investments to ensure a reliable and clean energy future in the face of climate change.

A few suggested actions:

1. **Transparency:** Con Edison calls on the Commission to continue its work in making the property tax system "...simpler, clearer, and fairer..." and to examine ways to increase education and understanding of the scope and nature of utility property taxes, both how they are assessed, their public policy ramifications for the clean energy policy goals, and the potential regressive nature of their collection, with particular attention to environmental justice communities. The City should support Con Edison's ability to specifically highlight property taxes on a customer's bill as a first step.

2. **Encourage Clean Energy Investments:** the Commission should study the magnitude of potential future property taxes that will be borne from the transition to a clean and electrified energy system and partner with the utilities to find creative ways to harness those taxes to make the clean energy transition more affordable and accessible. This could come in the forms of:
    a. Providing a property tax exemption for investments made to facilitate clean energy generation and delivery;
    b. Setting aside the incremental taxes charged to clean energy investments to help facilitate adoption and affordability to energy efficiency investments needed at the building level to meet the City's and the State's decarbonization goals.
3. **Eliminate Wasteful Assessment Bureaucracy:** Property taxes on utilities are currently assessed by different agencies using different assessment methodologies. It is a bureaucratic tangle that does nothing to help ease the cost burden for our customers, despite our continual efforts to challenge unreasonable assessments. Utility property located on a public right of way is assessed by the State while that same property located on a private right of way is assessed by the City. Employing different assessment methodologies leads to duplicative work, lawsuits, delays, confusion, and, ultimately, higher costs to energy customers. A better way to assess utility property would be by "central assessment". Under such a system, the state would establish assessment ceilings for utility property located on private rights of way. A similar successful program, established in 2015, exists for property owned by telecommunication companies. The NYS Department of Tax and Finance along with the PSC specifically endorsed the idea of central assessment of utility property. The State found that central assessment would provide greater efficiency, fairness and reduced administrative and legal costs for utilities and municipalities. Curiously, however, the Advisory Commission's recommendations rejected this notion of central assessment of utility special franchise tax, with little justification or evidence of thorough examination. We believe this conclusion should be reconsidered.

Con Edison stands ready to work closely with the City Council as well as the State Legislature and Executive to effectuate real, sustainable, and equitable reforms to New York City's real property tax system. Such reforms should include – as a cornerstone – central assessment by the state of utility property located on private rights of way as well as tax incentives and/or exemptions for utility projects that are in furtherance of the City and State's climate and resiliency goals.

Testimony before the Committee on Finance regarding Property Tax Reform
Nov 15, 2022

Good afternoon. My name is Ivy Perez, and I am the Policy and Research Manager at the Center for NYC Neighborhoods. I would like to thank the City Council, Council Member Brannan, and the City Council Committee on Finance for providing the opportunity to submit testimony on this topic.

About the Center for NYC Neighborhoods

The Center promotes and protects affordable homeownership in New York so that middle- and working-class families are able to build strong, thriving communities. Established by public and private partners, the Center meets the diverse needs of homeowners throughout New York State by offering free, high-quality foreclosure prevention services. Since our founding in 2008, our network has assisted over 74,000 homeowners. We have provided more than $33 million in direct grants to community-based partners, and we have been able to leverage this funding to oversee another $30 million in indirect funding support. Major funding sources for this work include the New York City Council, the New York City Department of Housing Preservation and Development, and the Office of the State Attorney General, along with other public and private funders.

Rising and Unequal Property Tax Burdens Threaten Homeownership

Affordable homeownership is an important component of New York City's vibrant and diverse neighborhoods, and their stability in turn affects the stability of their tenants and communities. Homeowners make up a third of the city's households, and we estimate that more than 180,000 renter households live in owner-occupied 2-4 unit homes. Nearly half of New York City's homeowners spend 30 percent or more of their income towards mortgage and housing costs, while an alarming one in four spends 50 percent or more.

For low-and moderate-income homeowners, the inequitable tax system threatens their ability to stay in their homes long term. Nearly a third of the city's homeowners are seniors; year after year, we see many seniors face the threat of losing their home because of the rise in property taxes. For those that own their homes free-and-clear, failure to keep up with their property tax payments can put them at risk for having their liens sold during the City's tax lien sale. For senior homeowners who either continue to pay a mortgage, or who may have a reverse mortgage, failure to pay their property taxes can put them at risk of foreclosure.

The mounting pressures of increasing property taxes exacerbates other market pressures across New York City neighborhoods, especially those that are rapidly gentrifying. A hearing on deed theft held by the New York State legislature illustrates one effect of rapidly rising property tax rates for homeowners:

as senior and low- and moderate-income homeowners struggle to pay their housing costs, they become more vulnerable to speculators and predators who seek to buy and quickly sell homes in areas that are increasing in value. The City's Tax Lien Sale builds on the inequity embedded in the property tax system, as year after year properties sold in the tax lien sale are disproportionately concentrated in Black and Brown neighborhoods. These dynamics threaten not only future access to affordable homeownership, but the stability of existing homeowners and neighborhoods. Without reform, the inequitable property tax system will continue to be a barrier to closing the racial homeownership and racial wealth gap.

Reforms should seek to create a system that is transparent and accessible to all New Yorkers and not guided by obscure rules and formulas divorced from the realities of the housing market and people's lives. By protecting these homeowners, we not only protect the middle- and working-class families that have achieved the dream of homeownership, but also a vital source of naturally occurring affordable rental housing.

With that in mind, we respectfully submit the following principles for property tax reform:

1. **Replace assessment caps with progressive, income-based tax credits**
   Homeowners in New York City should not face different tax rates because their neighborhood is rapidly gentrifying where they live: the financial burden of property taxes should be shared fairly and equally by property owners throughout the city. Doing so will require changing how Tax Class 1 properties are taxed to ensure that homeowners everywhere pay taxes that reflect their circumstances and do not overburden particular homeowners just because of where or when they bought their home.
   To that end, we support the proposal proposed by the property tax reform commission to create a single residential class, but think that it should be accompanied by instituting a robust and progressive system of exemptions that are automatically applied to the tax bills of senior, low-income, and long-time homeowners. NYC already has such an exemption available upon application to seniors and the same concept should be extended to protect homeowners that would be financially destabilized by paying full taxes, particularly in gentrifying neighborhoods.

2. **Reforms should protect and promote owner-occupancy**
   In a high-demand, high-cost city such as New York, the property tax system should discourage vacant units, or units that lay empty most of the year. A pied-a-terre tax or vacancy tax would go a long way towards encouraging owner-occupancy while drawing tax revenue from those who can afford to pay the most, such as investors who own homes that stand empty most of the year. These additional taxes may also disincentivize the most aggressive kinds of real estate speculation and investment.

3. **Reforms should be holistic, transparent, and phased in gradually**
   Any changes to property tax assessments and rates that may result in increrases should be phased in gradually. While this may impose additional temporary complexity for homeowners

who want to understand how their taxes are calculated, phasing in is necessary to ensure that no homeowners or tenants are forced out of their homes due to the changes in the system.

As a final note, any property tax reform should be accompanied by comprehensive outreach and education across New York City, as well as a commensurate increase in the capacity of the Department of Finance and other City agencies.

Thank you for the opportunity to submit testimony. We look forward to continuing to work with the City to improve the equity and efficacy of the City's property tax system.

240 West 35th Street ■ Suite 302 ■ New York, New York 10001

Testimony on the Recommendations of the NYC Advisory Commission on Property Tax Reform

Submitted to the New York City Council Committee on Finance

November 15, 2022

Ana Champeny, Vice President for Research, Citizens Budget Commission

Thank you for the opportunity to testify today. I am Ana Champeny, Vice President for Research at the Citizens Budget Commission (CBC), a nonpartisan, nonprofit think tank and watchdog devoted to constructive change in the finances and services of New York State and City governments. CBC has long advocated for comprehensive reform to the property tax system to increase transparency, equity, simplicity, and fairness, and to help boost housing production.

While momentum for property tax reform was slowed by the pandemic, the need for it has not diminished. The two reports of the Advisory Commission on Property Tax Reform (the Commission) are valuable contributions to longstanding property tax reform efforts in New York City. The Commission documented many of the system's inequities and put forth ten recommendations that would begin to address the system's shortcomings; however, these recommendations did not address valuation and tax burdens for rental and commercial property.

The Commission's recommendations would reduce inequities in tax burdens among residential properties and largely align with prior CBC recommendations. These recommendations address many of the current inequities in tax burdens among one-to-three family homes, cooperative apartments, and condominiums, and would increase the simplicity and transparency of taxation of cooperative and condominium units.

The specific details for the homestead exemption and circuit breaker were released in late December 2021. While the Final Report provides preliminary data on how effective tax rates would change, the City should release a detailed analysis that assesses how tax burdens would be redistributed within the proposed new residential class. There should be public discussion

about the goals of these programs and whether the proposed designs would provide the necessary amount of tax relief to the appropriate set of property owners.

The Commission did not undertake an analysis of whether assessment procedures contribute to inequities in tax burdens for rental buildings and commercial property. These studies are important to determine whether current procedures lead to equitable treatment within those property classes; the Commission should make additional recommendations if they do not.

Furthermore, the Commission's rate-setting recommendation technically eliminates the class share system, which leads to disparities in tax burdens between classes, but it unfortunately recommends maintaining the current relative burdens. This misses the opportunity to address the high tax burdens for rental and commercial property in New York City, which also is critical to supporting rental housing production and the competitiveness of the City's commercial real estate market, respectively.

The Five Main Problems with the New York City Property Tax System

Decades of research and analysis on the City's property tax has led to general agreement on five structural problems and deficiencies that should be addressed:

1. **Lack of transparency and simplicity**
   The current system is overly complex and opaque. Most property owners do not understand their property's market value, assessment, or tax bill.

2. **Valuation of property is not reflective of the market**
   Market values as determined by the Department of Finance (DOF) often do not reflect prices in arm's length transactions.

3. **Assessment growth caps and phase-ins lead to intra-class inequities**
   Within the four classes of property in NYC, there are inequities in tax burdens among similarly valued property; higher valued property may face a lower tax burden than lower valued property.

4. **Distribution of the levy according to class shares leads to inter-class disparities**
   Allocating the property tax levy across the four classes based on shares, which require that each class of property pay a certain portion of the total levy, places higher property tax burdens on certain classes of property.

5. **Exemptions and abatements are poorly targeted**
   Programs to reduce property taxes can provide more relief than is necessary in some cases, while providing too little in other cases.

The total amount of revenue the City chooses to raise from the property tax is a separate policy decision that should occur during the City's budget-making process.

The New Residential Class Would Significantly Improve the Property Tax System

The Commission's first four recommendations establish a new residential class that would be simpler, more transparent, improve valuation relative to the market, and reduce inequities in tax burdens within similar properties in the class.

The proposed new residential class would include nearly two million residential units in one million tax parcels including one- to three-family homes, coops, condos, and small rentals of ten or fewer units.

Market value would be determined based on comparable sales, with the assessed value set at 100 percent of market value. CBC estimates that total market value of the new residential class would be about $1.5 trillion, a 40 percent increase from the current valuation.

With the proposed elimination of assessment caps and fractional assessment, parcels in the new residential class would be assessed at 100 percent of market value, rather than 6 percent or 45 percent (as is currently the case for Class 1 and Class 2, respectively). With assessed values set to 100 percent of market value, the nominal tax rate before a homestead exemption and circuit breaker would around 0.81 percent, far lower than the current rates of 20.309 percent in Class 1 and 12.267 percent in Class 2. (Because the nominal rate would be applied to a higher assessed value, the total levy for the new residential class would equal the sum of the levy under the current system.)

The Commission's recommendations are based on sound tax policy and improve the current system in three ways:

- Values will better reflect the market for coops and condos;
- Values of one- to three-family homes, coops, and condos will be comparable to each other; and
- Tax burdens would be more equitably distributed.

CBC's model of the new residential class found that the redistribution of tax burdens would increase property tax bills for about 35 percent of parcels in the new class and decrease bills for the remaining 65 percent. Tax bills for many properties with lower market values would decrease, while bills for the majority of higher-valued properties would increase.

Furthermore, tax burdens would be more equitable within property types than under the current system for both one- to three-family homes, and cooperative and condominiums units.

- First, among one- to three-family homes, elimination of assessment growth caps would equalize tax burdens. Under the current system, homes in neighborhoods where values have appreciated rapidly have lower property tax burdens than homes with more modest market value growth, as shown in CBC's blog New York City Homeowners: Who's Got the Unfairest Tax Burden of Them All?. Eliminating assessment caps would substantially redistribute liabilities among Class 1 homes: in general, taxes would be lowered for homes in Staten Island, eastern Queens, and northeast Bronx, and increased for homes in Manhattan and northwest Brooklyn.
- Second, shifting coops and condos to comparable sales valuation, rather than comparable rental income as is done now, would also equalize tax burdens. Under current methods, DOF market values capture a declining share of sales-based values as sales-based values increase; for example, the median condominium that sells between $400,000 and $500,000 is assessed at 21 percent of that sales price, while one that sells for between $5 million and $7.5 million is assessed at 15 percent of sales price. Before exemptions, the effective tax rate (ETR), which measures taxes as a share of market value, would be 2.6 percent and 1.8 percent, respectively. By switching to sales-based valuation, both units would face the same ETR before any exemptions; in general, average ETRs would decrease for units with lower sales prices and increase for those with higher sales prices.

Three additional consequences of the new residential class do not pertain to tax burdens but are important:

1. The City's Constitutional property tax limit, also known as the operating limit, which determines how much property tax revenue can be raised for operating expenses excluding long-term debt service, would increase. These reforms would substantially increase how much property tax revenue the City is permitted to levy. The limit is set to 2.5 percent of the average market value of the preceding five years; changing to sales-based valuation for coops, condos, and small rental buildings would substantially increase the total market value in NYC, potentially by as much as 40 percent.
2. The City's Constitutional debt limit, which determines how much outstanding long-term debt the City can issue, would increase dramatically. The constitutional debt limit is equal to 10 percent of the average market value of the preceding five years.

3. The number of property owners challenging their assessment may increase. Currently, due to assessment growth limits that have suppressed assessed value growth, few one-, two-, or three-family homes could successfully challenge their assessments. Even if they successfully argued that the market value was lower than the DOF value, in most cases it would not be enough of a decrease to reduce the assessed value and tax liability. However, under a system where assessments are based on 100 percent of market value, more property owners may challenge their assessments.

More Detailed Analysis of The Proposed Homestead Exemption and Circuit Breaker Needed to Assess Redistribution of Tax Burdens

The Commission also recommended a homestead exemption and a circuit breaker. A homestead exemption would reduce the tax burden on owner-occupied primary residences in the new class, while a circuit breaker would provide tax relief to homeowners who face excessive property tax liability relative to their incomes. The Commission's Final Report presented two options for a homestead exemption and one set of parameters for a circuit breaker and projected the impact of those proposals on effective tax rates. While CBC believes there should be a homestead exemption and a circuit breaker, we have not analyzed the Commission's recommendations to determine whether they are best designed to provide the necessary amount of tax relief to the appropriate set of property owners. The choice for a final design should be based on more analysis of options and discussion of impacts.

Since the proposals are revenue neutral and the new residential class is expected to pay the same share of the levy as those parcels currently pay, the tax relief programs that reduce liability for some are made up by increasing taxes on other properties in the class. The nominal tax rate in the class is raised so that the class generates sufficient revenue from parcels not benefitting from the programs to offset the tax reduction for eligible parcels. The tables in the Commission's Final Report show that the overall tax rate increases from 0.81 percent to 0.94 percent under a flat homestead exemption and 0.96 percent under a graduated homestead exemption. In other words, a property that is not eligible for a homestead exemption, which may be occupied by a renter, would pay $940 or $960 per $100,000 of market value, rather than $810 per $100,000 of market value, an increase of 16 percent or 19 percent, respectively.

The impact of the proposed homestead exemption and circuit breaker are presented in tables that report the 25th, 50th, and 75th percentile ETRs by market value, income, and borough. However, these results do not show how many properties within each band would qualify or what the aggregate shift in tax liability would be. Furthermore, since household income data for individual property owners are not publicly available, CBC is limited in the analysis we can do to

develop a granular understanding of how the proposed homestead exemption and circuit would redistribute liabilities across properties in the new residential class.

New Tax Rate System Does Not Address High Tax Burden on Rental and Commercial Property That Depresses Rental Housing Production

The Commission rightly calls for the elimination of class shares—a complicated and hard-to-understand process codified in State law that requires each property class to pay a certain share of the total levy. While class shares can be adjusted modestly from year to year in response to changes in market value and physical changes (new construction or demolition), the overall intent is for class shares to be kept fairly consistent over time. The new method would be to set "predictable and transparent" tax rates for each class, with an assessment of tax burdens to be conducted every five years. This recommendation seeks to reduce complexity and increase transparency.

However, the Commission's recommendation that relative tax burdens among the classes be preserved effectively maintains the class share system. The Commission did not assess whether the current allocation of the property tax across classes is meeting or hindering priorities and policy goals. For example:

- The higher tax burden on rental housing disincentivizes development and contributes to the City's sluggish housing production; and
- Commercial property, negatively impacted by the pandemic, similarly faces higher tax burdens which can put the City at a competitive disadvantage as well as impose high costs on businesses in the City.

The median ETR for one- to three-family homes is $0.83 per $100 in market value; it is $1.53 for large rentals and $1.72 for office buildings. Under the new property tax system, large rental buildings would continue to face an ETR 1.8 times that of one- to three-family homes, while office buildings would pay twice the ETR. High property tax rates are a deterrent to the construction of new rental housing (absent a tax exemption); maintaining a lower ETR for condos compared to rentals will make new construction of condos more profitable and appealing to developers.

While CBC also recommends eliminating class shares, the Commission's recommendation maintains the current disparities in tax burdens among the classes, which does not comport with CBC's recommendation that these differences be narrower, in part to encourage development of rental housing.

Commission Should Closely Examine Valuation of Commercial and Rental Buildings

The Commission does not recommend changes to assessment methodology for large rentals, utilities, and commercial property. In fact, the Preliminary Report goes to great length to argue that DOF methods are the industry standard and in accordance with legal precedent. The method may be the preferred or best approach to valuation, but that does not ensure that its implementation is fair and equitable. Especially opaque is the City's process for setting capitalization rates each year, which directly affect market values. The City should analyze the extent to which there may be intra-class inequities resulting from DOF's methods. For example, are properties of similar sizes and uses valued similarly?

Conclusion

The Commission's Preliminary and Final Reports are critical steps in what is clearly a long and winding road to comprehensive property tax reform. There are many details to be settled—especially regarding the homestead exemption, the circuit-breaker, and the tax rate-setting process. Additionally, the Commission largely maintained the status quo for large rental buildings, utilities, and commercial property – areas that should be given greater attention.

The recommendations, especially the recommendations pertaining to the new residential class, should be considered holistically. Policymakers must resist pulling apart the recommendations—for example, moving coops and condos into Class 1 without eliminating caps, or implementing a circuit breaker without changes in valuation and assessment. These recommendations were made as a package and should be deliberated as such; implementing reforms piecemeal could lead to greater inequities and uncertainty.

CBC looks forward to continued participation in this important policy dialogue. Incremental reform of the system has not worked; the goal is comprehensive reform to create a more equitable and transparent property tax system.

TESTIMONY OF LAURA WOLF-POWERS TO THE FINANCE COMMITTEE OF THE NEW YORK CITY COUNCIL

November 15, 2022

My name is Laura Wolf-Powers and I am a professor in the Urban Policy and Planning Department at Hunter College of the City University of New York. Today I am here representing myself and the Western Queens

The city recently established a Racial Justice Commission and put several important questions on the November 8 ballot, one of which has to do with a statement of values that will be added to the City Charter. Voters resoundingly voted to add language committing the city to strive to remedy "past and continuing harms" done to people of color and others who have been affected by unjust structures and institutions.

The committee has the opportunity today to enact that commitment by changing the way it handles tax enforcement. Every year, the tax lien sale disproportionately harms homeowners of color whose ability to accumulate intergenerational wealth has been profoundly affected by mortgage market discrimination, redlining, blockbusting and (more recently) predatory lending and predatory investing. By working with members of the Abolish the Tax Lien Sale Coalition to replace the tax lien sale with changes in the administrative code, the council can take an important step that redresses historical harms and creates new opportunities for wealth-building in New York City neighborhoods.

Enforcement reforms to be proposed soon by the Abolish the Tax Lien Sale Coalition would offer homeowners the opportunity to remain in place in exchange for giving up *some* equity–the portion attached to the land–to a Community Land Trust in exchange for forgiveness of debt to the City equal to a comparable amount, rather than losing most or all of their equity to foreclosure. The program would also have a preservation component for multifamily rental buildings and an affordable housing creation component for vacant lots and unoccupied buildings, both of which regularly accrue debt which the City can use as leverage to get properties back into productive use, an opportunity that has been lost for the last quarter-century through the lien sale.

Please do not reinstate the tax lien sale, which would reproduce historic patterns of discrimination and dispossession in the city's Black and Brown neighborhoods. Please choose instead to work with the Abolish the Tax Lien Sale Coalition on common sense enforcement reforms.

Thank you.

Testimony of National Grid on the Recommendations of the NYC Advisory Commission on Property Tax Reform

Submitted to the New York City Council Committee on Finance

November 18, 2022

My name is Paula M Leaverton, the Director of U.S. Property Taxes for National Grid. National Grid's gas distribution companies proudly serve more than one million natural gas customers in the City of New York.

National Grid supports the efforts made by the Advisory Commission on Property Tax ("Commission") to create a fair, simple and transparent property tax system. We commend the initiatives that have been proposed to address the inequities existing between the residential property tax classes. Many of National Grid's customers own, lease or rent Class 1 or Class 2 properties in New York City and will benefit from the proposed reforms. However, by not addressing the inequities relating to the treatment of Class 3 property, these same customers will continue to be negatively impacted by the current system. National Grid owns Class 3 property in New York City and, as a result of the current class system, it pays a disproportionate share of the real property tax levy. National Grid's real property taxes are ultimately borne by its residential and commercial customers in their gas bills.

The Commission recommends eliminating the current class share system and replacing it with a system that freezes relative tax rates for five-year periods. This proposal does not address the existing disparate burdens of the total tax levy shared by each of the four classes. These classes were established in response to the Court of Appeals decision in *Hellerstein,* which held that fractional assessments were illegal and resulted in a *de facto* class system that favored residential properties over commercial and utility properties. Article 18 of the Real Property Tax Law was enacted in 1981 to preserve the existing *de facto* class shares subject to mandatory annual adjustments intended to ensure that over time each class would ultimately bear its fair share of the tax burden. However, each year, special legislation was passed to limit these annual adjustments so that the disparities existing in 1981 continue to this day.

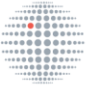
As a result, the Commission's proposed implementation of a freeze without a glidepath to reduce the Class 3 share of the tax burden will perpetuate an inequity that will continue to be borne by National Grid's customers.

In addition, the Commission recommends that current valuation methods for utility property be maintained despite the fact that Class 3 property is currently valued by two different entities using different valuation methodologies. As noted by the Commission, special franchise property (utility property in public rights of way) is valued by the New York State Office of Real Property Tax Services ("ORPTS") and non-special franchise property (utility property on private property) is valued by the New York City Department of Finance. This disparate approach to

assessing virtually identical property using differing methodologies is inconsistent and confusing. National Grid supports a centralized assessment system similar to the telecommunication ceiling program established in 2015, whereby ORPTS provides ceiling values for utility property on private property to the municipalities.

The Commission's proposal also fails to address the significant investments that National Grid will incur to meet reliability, storm resilience and governmental clean energy goals in the City of New York in the coming years. Unless adequate exemption or abatement programs are established, the imposition of real property taxes on these critical investments will be borne solely by our customers even though they will benefit all New Yorkers.

National Grid appreciates the opportunity to provide comments to the Commission's proposal and we look forward to engaging with the City and State in adopting a more equitable property tax system for all New York City property taxpayers, including our customers.



Testimony of the Partnership for New York City
New York City Council Committee on Finance
Recommendations of the New York City Advisory Commission on Property Tax Reform
November 15, 2022

Thank you, Chair Brannan and members of the committee for the opportunity to testify on the recommendations of the New York City Advisory Commission on Property Tax Reform (the Commission). The Partnership for New York City represents private sector employers of more than one million New Yorkers. We work together with government, labor, and the nonprofit sector to maintain the city's position as the preeminent global center of commerce, innovation, and economic opportunity.

The Partnership applauds the Commission's efforts to make recommendations that would increase transparency and fairness in the New York City property tax system. The current structure of the city's property tax system contributes to the city's housing affordability crisis. Substantial changes are needed to appropriately value properties, provide relief for renters and encourage improvements to the housing stock. The Commission's recommendations are a good first step.

The Partnership supports the Commission's recommendation to advocate for changes to state laws to create a new property tax class to include all small residential property owners and to value all properties in this class using data on sales of comparable properties. Current state law requires the value of cooperatives and condominiums be based on the income of comparable rental buildings. This method produces valuations that are far below the sales prices for these properties. The Commission's recommendation would more accurately value coops and condos and ensure they are contributing fairly.

The Partnership supports providing relief for renters, particularly in rent-stabilized units, to ameliorate affordability challenges. Large rental properties have a much higher effective tax rate than smaller homes, making property taxes a high portion of their operating costs. This is especially true in rent-regulated housing, where real estate taxes are typically as much as 30% of total operating cost. In a city where more than two-thirds of city households are renters, property taxes are the most significant contributor to unaffordable rents. These issues are not addressed by the Commission's recommendations likely to avoid large revenue losses that would result.

The Partnership also supports state law to provide abatements to owners to offset the costs of major capital improvements and apartment improvements that are necessary in older buildings and where rent increases are strictly regulated. This could expand the number of stabilized units available for rent by making it financially viable for landlords to make needed improvements when apartments are vacated.

The Partnership supports reform of property taxes and will work with the city and state legislatures to secure needed changes in the current tax code.

THE NEW SCHOOL CENTER FOR NEW YORK CITY AFFAIRS

Testimony before the New York City Council Committee on Finance

Oversight—Recommendations of the Advisory Commission on Property Tax Reform

November 15, 2022

James A. Parrott, PhD
Director of Economic and Fiscal Policies
Center for New York City Affairs at The New School

Good morning Chairperson Brannan and members of the Finance Committee. My name is James Parrott, Director of Economic and Fiscal Policies at the Center for New York City Affairs at The New School. Thank you for the opportunity to testify as this hearing.

I was honored to be a member of the Advisory Commission of Property Tax Reform that deliberated for the better part of three years. We held two rounds of public hearings in each borough in addition to several hearings where we took testimony from local and national property tax experts. We deliberated at length in two dozen or so excecutive sessions where we discussed detailed and thorough presentations by the expert tax policy staff from the City's Finance Department. We issued a Preliminary Report in January of 2020, then following a year-long Covid-19 hiatus, we resumed our work in 2021 and released a Final Report last December.[1]

We were always mindful of the historical urgency that motivated the need for far-reaching property tax reform in the first place, and relentlessly sought to develop recommendations that would make the system fair, simpler, and transparent. As the final report's Executive Summary states: our general approach was to strip the system of the features that led to structural inequities, reconstruct the system to align with the core principles of fairness,simplicity, and

[1] Both reports are available on the Commission's webpage: https://www.nyc.gov/site/propertytaxreform/report/final-report.page. The website also includes links to the video record of all Commission public hearings.

transparency, and then provide owner relief mechanisms and protections to help ensure low- and moderate-income owners have affordable tax bills and that primary residents are not displaced from neighborhoods that they have called home.

Our recommendations equalize taxation of resident-owned non-rental properties, and adhere to a revenue-neutral mandate. The proposed reforms would make sales-based market valuations uniform across one-, two-, and three-family homes, co-ops, and condos. We proposed assessing taxes based on full market value rather than some fraction of market value. And we incorporated a circuit breaker that sets a limit on property tax liability for low- and moderate-income primary residents.

We also proposed a partial homestead exemption to further lower property tax burdens for lower-valued properties with primary resident owners. This would help moderate any higher future taxes for properties that have benefited from assessment caps or the peculiar rental equivalence valuations that now apply to co-ops and condos. These features have long contributed to the inequities in the current system, and reform would end them.

Our reports documented the extreme disparities in effective tax rates wherein many very high-valued properties have far lower effective tax rates than homes and apartments of modest value. The reports also documented how these disparities played out across the five boroughs.

Our recommendations first and foremost use structural reforms to equalize effective property tax rates for resident-owned, non-rental properties relative to sales-based market valuations, that is, to address *horizontal inequities*. But we also pointed out how two targeted owner relief programs—the **circuit breaker** and the **partial homestead exemption** could be used to introduce an element of *vertical equity* to lessen the regressivity of property taxes relative to income.

The partial homestead exemption embodies the pied-à-terre tax concept of higher taxes on non-resident owners. Primary resident owners can exempt a protion of the value of their home from taxation, and we suggested that exemption be limited to owners with incomes less than $500,000. By virtue of their non-resident status, pied- à-terre owners would not be eligible for the homestead exemption, and they would generally pay much higher effective taxes than they do now.

The rubber meets the road in our reforms in the final section of the final report, pp. 46-49. I urge you to review this section if you haven't already and study the before and after effective tax rates presented in Tables 22-24. You will see there that not only do these recommendations correct for the long-standing inequities in our property tax system, and deliver horizontal equity, but they also, particularly through the option for a 30 percent graduate marginal rate partial homestead exemption, *introduce a progressive dimension to our property tax structure*. You won't find anything like that in other local property tax systems around the country.

For example, in Table 22 (p. 46), which shows before and after effective tax rates (ETRs) by sales-based market value, the ETR for properties under $200,000 would be cut in half or more, while properties valued over $5 million will have their ETRs increased by 63-109 percent. After-reform ETRs rise with sales-based market value.

Table 23 shows ETRs by primary resident owner income. The graduated homestead exemption would reduce ETRs by 25-75 percent for incomes below $75,000, and raise ETRs by 26-45 percent for households with incomes over $1 million. After-reform ETRs rise with income.

Table 24 shows before and after ETRs by borough. With the graduated exemption, the median ETR for primary resident owners in Staten Island would drop the most, by one-third (from $0.95 to $0.63), while it would decline by 30 percent in the Bronx. In Queens and Manhattan, ETRs for primary resident owner parcels would decline by about 24 percent. Because of offsetting changes depending on neighborhood, the median ETR in Brooklyn would inch up from $0.64 to $0.65.

These reforms would redistribute approximately $1.8 billion of the property tax burden within this new owner residential class. The direction of that redistribution is generally upward. Please do not let this opportunity pass. I urge the Council and the Mayor to work with our representatives in Albany and the Governor to achieve historic, permanent property tax reform in the next legislative session. These reforms will not only correct the inequities that have persisted for four decades but also give New York City the first residential property tax system with a progessive component in the nation.

As you know, there is a tremendous amount of cynicism regarding the long-standing failings of our property tax system. If we fail to enact reforms now, that cynicism will persist and this body will bear some responsibility for that.

Thank you for the opportunity to testify on this important matter.

Committee on Finance Hearing
Property Tax Reform
November 15, 2022 – 11:00am

Good morning.

My name is Faith Anne Meixell. I am an eviction defense lawyer in Brooklyn, and I am also a supporter of the Abolish the Tax Lien Sale Coalition.

While I support City Council's efforts to address issues with the property tax system, from my understanding, there is little that the City can do to affect property tax laws. However, the City has considerable power in improving the property tax *enforcement* system, and that is what I would like to ask City Council to focus on.

The Abolish the Tax Lien Sale Coalition, which grew out of grassroots organizing around the harms of the tax lien sale, supports the creation of a new enforcement system. A new enforcement system could maintain the goals of property tax collection, while attacking the disparate racial impact, displacement, and increased housing prices that the recently-expired tax lien sale system has fostered. Crucially, a new enforcement system could also create opportunities to preserve and expand NYC's remaining affordable housing stock.

A number of the changes that we suggest are within City Council's power to legislate: promoting outreach, counseling, and access to tax exemptions, abatements and payment plans. We also urge City Council to create an option for homeowners with tax arrears to stay in their homes by partnering with a Community Land Trust. Under this option, homeowners could opt to exchange a portion of their equity in the home for forgiveness of debt to the City. This option would allow homeowners to avoid greater loss of equity through foreclosure, and crucially, would allow them to stay in their home and community.

A re-envisioned tax collection system would not only enable fairer treatment of homeowners with tax arrears, but it would promote housing preservation on a broader scale. While tax collection and preservation programs have costs, with our proposed changes, the benefits of both would also stay within the community and the City. I urge NYC to be forward-looking in reconsidering how property tax collection should be enforced, while seizing the opportunities of a post-tax lien sale system.

Thank you.

THE COUNCIL
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I represent: Council of NY Coops + Condos

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Name: Preston Niblack - Commissioner Finance

Address: 1 Centre St. NY NY 10007

I represent: DOF

Address: City Hall

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Name: NYC Comptroller Brad Lander

Address: ______

I represent: NYC Comptroller's office

Address: 1 Centre street, Suite 530

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(PLEASE PRINT)

Name: Francesco Brindisi, Executive Deputy Comp

Address: ______

I represent: NYC Comptroller's Office

Address: 1 Centre Suite 530

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