

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON RULES, PRIVILEGES AND ELECTIONS

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July 25, 2012
Start: 11:17 a.m.
Recess: 11:56 a.m.

HELD AT: Committee Room
City Hall

B E F O R E:
JOEL RIVERA
Chairperson

COUNCIL MEMBERS:

Joel Rivera
Christine C. Quinn
Leroy G. Comrie, Jr.
Elizabeth S. Crowley
Inez E. Dickens
Erik Martin Dilan
Lewis A. Fidler
Vincent J. Gentile
Robert Jackson
James Vacca
Karen Koslowitz
James S. Oddo

A P P E A R A N C E S

Richard Stabile

Kyriakos P. Tzanides

Glenn Newman

President

New York City Tax Commission

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2 CHAIRPERSON RIVERA: Ladies and
3 gentlemen, my name is Joel Rivera and I will be
4 starting the Committee on Rules, Privileges and
5 Elections. Before we begin, I'd like to introduce
6 the members who are here with us today. We have
7 Council Member Robert Jackson. We have Council
8 Member Jimmy Oddo, Council Member Leroy Comrie,
9 and Council Member Karen Koslowitz. We also have
10 Council Member Jimmy Vacca, Council Member Liz
11 Crowley. We are also joined today by Glen Newman,
12 the president of the Tax Commission and the Rules
13 Committee staff as well: Charles Davis, Emerson
14 Sykes, Yasmin Vega, Alycia Vassell, Diandra
15 Johnson, Merline Denis and Julius Caranda.

16 Today, the Rules Committee will
17 consider two candidates for reappointment to the
18 Tax Commission. Before us we have Richard
19 Stabile, a resident of Queens, who is being
20 considered by reappointment by the Mayor to the
21 Tax Commission. If Mr. Stabile receives the
22 advice and consent of the Council, he will be
23 eligible to serve the remainder of a six-year term
24 that expires on January 6th, 2016.

25 We're also joined by Kirk P.

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2 Tzanides. I hope I pronounced it correctly.
3 Prefect, thank you. I have a good general counsel
4 over there. A resident of Brooklyn, who is being
5 considered for reappointment by the Mayor to the
6 Tax Commission. If Mr. Tzanides receives the
7 advice and consent of the Council, he will be
8 eligible to serve the remainder of a six-year term
9 that expires on January 6th, 2016.

10 Welcome, Mr. Stabile and Mr.
11 Tzanides. Will you please raise your right hands
12 to be sworn in?

13 EMERSON SYKES: Do you swear or
14 affirm that you will tell the truth, the whole
15 truth and nothing but the truth?

16 CHAIRPERSON RIVERA: Perfect.
17 Before we go into the testimonies, I'll begin with
18 a brief description of the Tax Commission. The
19 Tax Commission is responsible for reviewing and
20 correcting all assessments of real property within
21 the City of New York. The Commission has a
22 president and six commissioners, all of whom have
23 at least three years experience in the field of
24 real estate or real estate law. The president
25 receives an annual salary of \$192,198.

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2 Commissioners receive an annual salary of \$25,677.

3 Mr. Stabile, do you have an opening
4 statement and do you want to present it? Just
5 press the button and state your name for the
6 record and you may begin.

7 RICHARD STABILE: I've been honored
8 to serve on the Tax Commission since 2004 and I
9 will be honored to continue to do so, should I be
10 confirmed by the committee.

11 CHAIRPERSON RIVERA: Perfect. Just
12 state your name for the record.

13 RICHARD STABILE: Richard Stabile.

14 CHAIRPERSON RIVERA: Thank you very
15 much. Next, we have Mr. Tzanides. Just state
16 your name for the record and continue.

17 KYRIAKOS TZANIDES: My name is Kirk
18 Tzanides. May it please the committee; I am
19 honored and privileged to be here. I have served
20 on the Tax Commission since 2001. I would hope
21 with your support that I will continue my work at
22 the commission. Public service is very important
23 to me. I have been involved in public service for
24 many years since becoming an adult. I have with
25 me, and I'd like to let the committee know, my

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2 family today. I'd like to instill the bug in them
3 as well that public service is very important and
4 a noble cause. So thank you for taking your time
5 to consider my reappointment. Thank you.

6 CHAIRPERSON RIVERA: Thank you very
7 much. Welcome to your family for joining us here
8 at City Hall. Does anybody have any questions on
9 behalf of the committee? Council Member Dickens,
10 we've also been joined by Council Member Dickens.
11 Anybody have any questions? Council Member Vacca?

12 COUNCIL MEMBER VACCA: I first want
13 to thank you both for your service to the city, of
14 course. I know that you take your
15 responsibilities so seriously. But I wanted to
16 talk for a second about the appeals that you've
17 received, since both of you are incumbent members
18 who are seeking reappointment.

19 Several constituents of mine--I
20 shouldn't say several, I should say many, many
21 constituents are concerned about their taxes.
22 Many of them do appeal to the Tax Commission. So
23 my question revolves around the number of appeals
24 you've received--we're still in 2012, of course,
25 but I'm interested in knowing if there are more

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2 appeals than before, because perhaps that would
3 give us insight into why people are questioning
4 their real estate tax assessment, specifically one
5 and two-family homeowners who I think--[off mic]--
6 I don't mean to take up too much of the time
7 speaking, but they've been hit--[off mic]--not
8 raised. It's often the Department of Finance, but
9 you at the Tax Commission do hear individual
10 appeals. So I wanted to broach that issue with
11 you and see where this is at, at this point.

12 GLENN NEWMAN: Councilman, this is
13 Glenn Newman, the president of the Tax Commission.
14 If you don't mind, I'll take the first shot and
15 then if my colleagues have anything else--

16 COUNCIL MEMBER VACCA:

17 [interposing] That's fine.

18 GLENN NEWMAN: --because that is a
19 question addressed to the commission itself. In
20 2011, we got 50,249 applications for correction.
21 Those applications covered 184,000 tax slots,
22 because for example, one condominium building can
23 file an application and it would cover 200 or more
24 tax slots.

25 This year, in 2012, we have 52,100

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2 or so, so we have seen an increase in the number
3 of applications. Every year, we get between 5 or
4 6 percent more applications in each year, for the
5 last ten years or so. Although many of them, the
6 vast majority, we have fewer than 2,500 Class 1
7 applications, that's the one, two and three-family
8 homes. We get very few of those. There are more
9 than 700,000 Class 1 properties in the City of New
10 York and we're only getting about 2,500 or so
11 applications for correction. That's because of
12 the limitations on assessment increases that are
13 in place under state law.

14 For a Class 1 property, an
15 assessment cannot go up more than 6 percent a
16 year, or 20 percent over five years. But there is
17 an inexorable increase in the assessed value of
18 properties. I think part of the problem is that
19 people don't understand that they are not paying
20 tax on the estimated market value that the Finance
21 Department places on their property but the
22 effective market value, which is because of these
23 limitations on assessment is less. The tax rate,
24 though, in Class 1 is now 18 percent, which is a
25 very high tax rate as compared to Class 2 and

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2 Class 4 that are about 13 percent and 10 percent.
3 But because of the assessment limitations, there
4 are differences.

5 In general I think we've gotten
6 more protests in part because the economy has been
7 bad. The real estate market was very bad in the
8 years 2009 and early 2010 and people are still
9 feeling the effect of that. And also that people
10 are just paying more attention to their tax bills
11 and are filing the appeals because of their
12 hardships, the individual economics.

13 We only have the authority to
14 review the assessed value. So that hardship or
15 inability to pay is not something that we can take
16 into account. We do tell people about the
17 exemption programs that are in place for those low
18 income, disabled homeowners, veterans, senior
19 citizens. But frankly, the Class 1 property
20 owners have not been filing very much.

21 COUNCIL MEMBER VACCA: I know this
22 is a topic for an oversight hearing rather than
23 for today's meeting. I just question whether the
24 Class 1 homeowners know of their right to appeal.
25 Then I question whether or not many of the Class 1

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2 homeowners know what's on the bill because it's so
3 complicated to understand for them.

4 GLENN NEWMAN: Those are both very
5 fair points. We do information sessions in each
6 borough right after the assessment notices come
7 out. We do those jointly with the Finance
8 Department so that people can come in and meet
9 with an individual and look at the notice of value
10 that they get and explain things to them. We also
11 tell people how to file their applications.

12 We will be glad to, the Tax
13 Commission, and I make this statement to every
14 Council Member here, if you want us to come to
15 your neighborhood and explain the process or
16 explain how to file appeals, we'll be glad to do
17 it. We've done something in Councilman Comrie's
18 district and a few other places around the city.
19 But if we can get together--and we did something
20 in Staten Island with Councilman Oddo, along with
21 two of his colleagues, so that the three Council
22 Members would be able to get--I would say a very
23 reasonable audience.

24 COUNCIL MEMBER ODDO: It was. It
25 was actually surprisingly good.

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2 GLENN NEWMAN: So that we can
3 explain to people. Come out with the forms, help
4 them fill out the forms and get those appeals
5 heard.

6 COUNCIL MEMBER VACCA: Thank you.
7 Just quickly, for the record, when a person
8 appeals, who hears the appeal? Does a member of
9 the Tax Commission hear the appeal or does a
10 hearing officer appointed by the Commission? Who
11 do they go to for an appeal?

12 GLENN NEWMAN: We have about 24
13 people who hear cases. They are in basically
14 three groups. There's myself, as president of the
15 Tax Commission and my fellow commissioners, who
16 are part time, and they hear cases. We have a
17 staff of 12 full time appraisal and hearing
18 officers who are former assessors with the Finance
19 Department and we have five or six attorneys who
20 are with the Tax Appeals Tribunal who now hear
21 cases.

22 The part time commissioners and the
23 attorneys at the Tax Tribunal hear cases from
24 professional representatives. They hear a
25 different kind of calendar. The individuals, we

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2 do hearings in each borough and those are staffed
3 by our appraisal and hearing officers, the full
4 time people who are very competent and expert in
5 finding comparable sales, which is the method of
6 valuing Class 1 properties.

7 COUNCIL MEMBER VACCA: Thank you.
8 Thank you, Mr. Chair.

9 CHAIRPERSON RIVERA: Thank you very
10 much. We also have a question by Council Member
11 Oddo.

12 COUNCIL MEMBER ODDO: Thank you,
13 Mr. Chair. I know today is about Mr. Stabile and
14 Mr. Tzanides, but I just want to follow up on what
15 Council Member Vacca started. You're right. The
16 reason that folks don't protest is because they
17 absolutely don't understand their bills, let alone
18 the appeal process.

19 Just as an example for my
20 colleagues, after the last year of the two bills
21 of increased property taxes where the constituents
22 automatically blame the City Council as if we
23 voted for the rate, I went to the Finance
24 Commissioner and said there's got to be a way to
25 simplify the billing process so that average

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2 homeowners understand. I mean it really is a
3 disgrace when we love to throw the word
4 transparency around. We have a transparency
5 resolution on the docket. We have a transparency
6 bill in HPD. And \$18 billion in revenue and New
7 Yorkers don't understand anything about the
8 property tax.

9 Listen, you can't dumb it down,
10 it's very complex. But we asked the commissioner
11 to come up with a pamphlet, take a shot at coming
12 up with a pamphlet, a plain English pamphlet. To
13 his credit, he said he would do it, but he needed
14 several months. We asked him in the beginning of
15 the year. He said by the fall.

16 We all need to do--and I ask you to
17 join in--we have to educate New Yorkers. It's
18 just too easy to say the Council or some
19 politician somewhere raised my property. We
20 haven't raised the rate in this body--and some of
21 us voted no by the way--since we added the 7
22 percent back. Yet, every year constituents get,
23 sometimes twice a year, get increasing in bills
24 and they say the City Council raised their rates.

25 So if we're to expect folks who

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2 don't even understand the process to come and
3 protest their bills, only the die hard, only the
4 folks who really have had it show up, because they
5 believe you can't fight City Hall.

6 I would just say, just for the
7 record, the event that we had, that I had with my
8 colleagues Council Members Rose and Ignizio, at
9 night, where you attended and the commissioner
10 attended, it was in part because the information
11 event was during the day. Originally planned
12 during the day where most of our constituents, you
13 know if they have a job, they're working. And we
14 specifically asked, and you guys came and you
15 guys, for those in the audience that night, I
16 think they walked out understanding the process a
17 little better, and I give you credit.

18 But understand, you know, it was
19 planned for during the day, and all that did was
20 feed the cynicism of our constituents who say my
21 property taxes have essentially doubled and the
22 time that you're going to explain to me what this
23 process is, is during my workday. I appreciate
24 you attending that night. You did a great job.

25 Anyway, one last thing before I end

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2 my rant. I know, Kirk going back to the days when
3 I first got elected and I represented 40,000
4 people in Brooklyn. I know of the great work he
5 did on the community board. He is a gentleman.
6 He is a professional. He's a public servant. He
7 is a family man. I would ask all my colleagues to
8 show him that support.

9 CHAIRPERSON RIVERA: Thank you very
10 much. We've also been joined by Council Member
11 Fidler and Council Member Dickens has a question.

12 COUNCIL MEMBER DICKENS: The
13 question I have is what was the difference the
14 proceedings for a one to four and a multiple
15 dwelling? That's number one. Number two, on what
16 basis do you use or is generally used in
17 determining whether you will reduce the assessment
18 and if so by how much? It seems to vary, even in
19 similar sized buildings with similar assessments.
20 So I didn't know whether it was an arbitrary
21 decision based upon the hearing officer.

22 GLENN NEWMAN: Once again, that's a
23 question for the Tax Commission and its structure.
24 One, two and three-family homes are assessed at 6
25 percent of their value. This gets to Councilman

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2 Oddo's point as well. It's complicated when you
3 tell someone you're not paying taxes on what you
4 paid for the property necessarily but 6 percent of
5 the market value. But that market value is based
6 on comparable sales. So a one, two or three-
7 family home is based on what other property,
8 similar property in the neighborhood would sell
9 for.

10 Other properties, residential
11 properties from four units up are valued based on
12 net income to which a capitalization rate is
13 supplied and it gets a little complicate. But
14 it's basically the income less the expenses
15 divided by a percentage, which gets back to the
16 complications of what an investor would expect to
17 get as a return on property. The theory is if you
18 have a multiple dwelling it's not necessarily your
19 owner occupied residence. It is considered more
20 of an investment property.

21 COUNCIL MEMBER DICKENS: Now, if
22 it's based upon income, when a building is under
23 rehabilitation, gut rehab or new construction, in
24 the middle of it, the assessment goes up
25 significantly. What is it based upon then?

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2 GLENN NEWMAN: The appraisal
3 methodology of an income method attributes income
4 even if there isn't any. So, for example, if a
5 building has 20 units and there are 5 or 6 vacant,
6 and we know in this housing market, housing is
7 hard to come by, vacancies aren't not to be there
8 very long, unless there's rehabilitation or
9 construct going on.

10 The law requires us to fill up that
11 building to give them a vacancy allowance or
12 collection loss as a percentage of income. We do
13 allow for something called temporary relief. If
14 there is an unusual situation in a particular
15 building, like construction or damage that was
16 done by a hurricane or a storm or even the Second
17 Avenue subway, we take that into account and can
18 provide temporary relief to a taxpayer, reducing
19 their taxes for a year or two.

20 Every one of our determinations has
21 a backup work paper that has the analysis of the
22 hearing officers, whether it's Mr. Stabile or Mr.
23 Tzanides, we have to come to a number that makes
24 sense based on their years of knowledge, the
25 income, the expenses of a building.

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2 quadrupled frequently. Now I'm understanding that
3 it's based upon anticipated income, which, by the
4 way, could change depending upon the market at the
5 time the building receives its C of O.

6 GLENN NEWMAN: That's true.

7 COUNCIL MEMBER DICKENS: So I think
8 that needs to be changed and taken into
9 consideration.

10 GLENN NEWMAN: Council Member, we
11 will. We usually give temporary relief. We look
12 at these things. Normally what would happen in
13 that situation of a gut renovation, Finance would
14 reduce the assessment based on a demolition, a
15 physical decrease if the building has been
16 altered. For the period of time before the new
17 construction goes on then they would in effect
18 reduce the assessment based on demolition and then
19 raise the assessment as the improvements go in.

20 COUNCIL MEMBER DICKENS: But the
21 reduction in no way correlates to what the
22 assessment goes up at 50 percent of completion of
23 the rehab. You're at 50 percent and things could
24 occur that may slow down the second half of that
25 construction.

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GLENN NEWMAN: There are--

COUNCIL MEMBER DICKENS:

[interposing] And then, you know, people are hit--
small developers particularly impacted upon this
negatively because their assessment goes up so
high. And then the income may not equate and then
they've got to pay some attorney to come into
certiorari court.

GLENN NEWMAN: Well, we have
several thousand people representing themselves.
You don't have to have a representative.

COUNCIL MEMBER DICKENS: No, I
know. But most of them, like you said, don't
understand the process. So they get somebody.

GLENN NEWMAN: We do have, in the
law, progress assessment when there's new
construction. The property doesn't hit the
assessment roll until after it's been completed.
For renovations there are some different rules.
But we'll be glad to look into those.

COUNCIL MEMBER DICKENS: Thank you
very much for your answers. But I think that we
need to review some of the process that's done
that negatively impacts upon small developers that

2 are trying to help their communities. Thank you.

3 CHAIRPERSON RIVERA: Thank you very
4 much. Are there any other questions on behalf of
5 the committee members? Seeing none, at this point
6 in time I'll ask the clerk to please call the
7 roll. We've been joined by Council Member Vincent
8 Gentile as well. The Chair recommends an aye
9 vote.

10 WILLIAM MARTIN: William Martin,
11 Committee Clerk, roll call vote, the Committee on
12 Rules. Council Member Rivera?

13 CHAIRPERSON RIVERA: I vote aye.

14 WILLIAM MARTIN: Comrie?

15 COUNCIL MEMBER COMRIE:
16 Congratulations on wanting to continue to serve in
17 public service. I vote aye. I just want to echo
18 the concerns of Council Member Dickens and Council
19 Member Oddo. We need to find a simpler way to
20 make the statements because a lot of homeowners
21 just take them and throw them to the side and then
22 they get mad when they see us in the community
23 after they realize that their taxes have gone up.

24 COUNCIL MEMBER: We should get back
25 to raising taxes.

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[Laughter]

COUNCIL MEMBER COMRIE: I vote aye.

[Background noise]

WILLIAM MARTIN: Fidler?

COUNCIL MEMBER FIDLER: [off mic].

WILLIAM MARTIN: Jackson?

COUNCIL MEMBER JACKSON: Aye on
all. Congratulations.

WILLIAM MARTIN: Gentile?

COUNCIL MEMBER GENTILE: I'm sorry
I was late, Chairman, but it's good to see that a
constituent of mine is not only active in our
community but also active on the citywide level.
So it's my honor to vote yes on both, but
particularly for Kirk Tzanides, who has been an
upstanding member of the Bay Ridge community for
many, many years and certainly someone that we
look forward to working with on both levels for
many, many more years. I vote aye.

WILLIAM MARTIN: Dickens?

COUNCIL MEMBER DICKENS: Thank you
for taking my questions. I hope that you will
take some of it at least under consideration. I
vote aye, and congratulations.

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WILLIAM MARTIN: Vacca?

COUNCIL MEMBER VACCA: I vote aye.

Congratulations.

WILLIAM MARTIN: Crowley?

COUNCIL MEMBER CROWLEY: I vote

aye.

WILLIAM MARTIN: Koslowitz?

COUNCIL MEMBER KOSLOWITZ: Aye and

congratulations.

WILLIAM MARTIN: Oddo?

COUNCIL MEMBER ODDO: Yes.

Congratulations.

WILLIAM MARTIN: By a vote of ten in the affirmative, zero in the negative and no abstentions, items have been adopted. Members, please sign the committee report.

CHAIRPERSON RIVERA: Thank you very much. The Speaker is on her way up, so we will leave the roll open for her and other members that need to join us. Congratulations, gentlemen.

[Pause]

CHAIRPERSON RIVERA: We have just been joined by the Speaker of the New York City Council: Speaker Christine Quinn.

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WILLIAM MARTIN: Speaker Quinn?

SPEAKER QUINN: Aye on all.

WILLIAM MARTIN: Vote now currently stands at 11 in the affirmative.

[Pause]

WILLIAM MARTIN: Council Member Dilan?

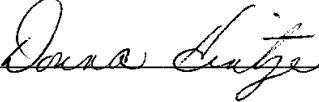
COUNCIL MEMBER DILAN: I vote aye.

WILLIAM MARTIN: The final vote in the Committee on Rules now stands at 12 in the affirmative, zero in the negative and no abstentions.

CHAIRPERSON RIVERA: The Rules Committee is now adjourned.

C E R T I F I C A T E

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

Signature _____  _____

Date August 8, 2012 _____