

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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January 18, 2017
Start: 10:39 a.m.
Recess: 11:15 a.m.

HELD AT: Committee Room - City Hall

B E F O R E: JULISSA FERRERAS-COPELAND
Chairperson

COUNCIL MEMBERS:
Ydanis A. Rodriguez
James G. Van Bramer
Vanessa L. Gibson
Robert E. Cornegy, Jr.
Laurie A. Cumbo
Corey D. Johnson
Mark Levine
I. Daneek Miller
Helen K. Rosenthal
Steven Matteo

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

Michael Blaise Backer
Deputy Commissioner
Neighborhood Development
Department of Small Business Services

Jennifer Kitson
BID Program Director
Department of Small Business Services

Lamel Lindsey [sp?]
BID Senior Program Manager
Department of Small Business Services

Zack Owens
BID Development Program Manager
Department of Small Business Services

[sound check]

[pause]

[background comments]

[gavel]

CHAIRPERSON FERRERAS-COPELAND: Good

morning and welcome to today's hearing, Finance

Committee hearing. I am Council Member Julissa

Ferreras-Copeland and I chair the Committee. I just

got an interesting fax where a scientist declared

2016 the hottest year since scientists started

tracking global temperatures in 1880. So it speaks

to that it's almost 50 degrees in January outside, so

thank you for coming out today to this hearing.

We have four items on the agenda -- two

introductions, a transparency resolution and a BID.

We've been joined by Minority Leader Matteo, Majority

Leader Van Bramer, Council Member Levine, Council

Member Cornegy, and Council Member Rosenthal.

Today the first item is Int. 1281-A;

would require the Independent Budget Office to review

and evaluate economic development tax expenditures

identified by the Council to determine their

effectiveness and whether they are achieving their

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2 intended goals, as well as to make recommendations
3 for future evaluations.

4 The City spends approximately \$2.8
5 billion annually in tax breaks for economic
6 development projects aimed at creating jobs,
7 encouraging investment in commercial real estate and
8 promoting investment in equipment and training. With
9 the goal of ensuring that these are being awarded in
10 an effective and fiscally responsible manner, the
11 Council established a task force on economic
12 development expenditures last year. The task force's
13 work is reflected in this legislation which would
14 provide both the public and policymakers with a
15 greater understanding of the impact of these tax
16 breaks to guarantee that they remain in the best
17 interest of the City.

18 I want to thank the task force for all
19 their work and I urge my colleagues to support this
20 legislation. Do we have... I want to thank... oh, sorry;
21 I got it, I got it. Thank you. I want to thank
22 members -- sorry -- I want to thank members of the
23 task force for their hard work and contributions;
24 these members are Michael Dardia, Hector Figueroa,
25 Marilyn Marks Rubin, Marvin Marcus, James Parrott,

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3 Seth Pinsky, Michael Sima, Javier Bardez [sp?], and
4 my fellow Council Member, Council Member Dan
5 Garodnick. Also I want to thank Council essential
6 staff who worked on the task force and the
7 legislation; thank you to Dr. Ray Majewski, Latonia
8 McKinney, Maria Nache [sp?], Emre Edev, **[inaudible]**,
9 Rebecca Chasan, Eric Bernstein, Smita Deshmukh, and
10 Rob Newman.

11 The second bill we will vote on today is
12 Int. 1385-A, which would reauthorize the City's lien
13 sale program for an additional four years as well as
14 make several reforms that will benefit property
15 owners. These new changes would include greater
16 flexibility with payment plans, including monthly
17 payments, new notifications and communication
18 requirements, like connecting property owners to
19 financial counseling resources, and a greater data
20 collection and reporting on the impact of the lien
21 sale. The latter includes the reporting of current
22 available data on the charges accrued to property
23 after the lien sale and surveys to determine the
24 circumstances that led property [background sneeze]
25 -- god bless you -- that led property owners to fall
behind on municipal charges; this would allow us to

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2 be more proactive and identify ways of working with
3 property owners before the lien sale process is
4 triggered.

5 The lien sale program is an important
6 tool to ensure the equitable contribution of critical
7 City services, but it must also be transparent, fair
8 and flexible when necessary to provide help to those
9 property owners who are struggling financially. This
10 legislation represents meaningful steps toward that
11 important goal. However, we heard last week from the
12 advocates there is still a lot of work to be done to
13 safeguard property owners; first, we must provide
14 nonprofit organizations with better information about
15 what they must do to get a property tax exemption so
16 that they do not find themselves assessed taxes that
17 they are statutorily not required to pay. The
18 Department of Finance has clarified that if an
19 organization is working with the agency to resolve
20 their tax exemption status; the property will be
21 pulled from the lien sale in almost all cases.
22 Nonetheless, DOF must continue to engage in a robust,
23 comprehensive and continuous outreach so that
24 nonprofits don't even have to get to that point.

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2 Furthermore, in the case of deceased
3 property owners, DEP has confirmed that they will
4 pull property from the lien sale for one year if an
5 individual signs a document saying that they are the
6 heir, allowing them one year to resolve their status
7 and receive a court order without the property being
8 included in the sale. We are working with DOF to
9 make sure that they also do the same.

10 Advocates have also expressed concerns
11 about unfair excessive legal charges after lien sales
12 are sold. According to the Administration, fees are
13 structured as fixed fees to uncontested foreclosure
14 cases at about \$2,400-\$3,000. In addition, the trust
15 servicers have a payment structure that incentivizes
16 them to keep administrative costs down. We will
17 continue to work with the Administration to ensure
18 that these structures do indeed work as intended. We
19 need to ensure that there is a fair process for all
20 property owners that does not burden them with
21 extreme costs.

22 We will also continue conversations about
23 how the lien sale might be used as an efficient way
24 to bolster our pipeline of affordable housing, but in
25 a way that does not undermine the City's ability to

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2 collect the revenue it needs for other city
3 priorities. Indeed, a number of advocates have been
4 circulating an intriguing proposal that represents
5 one way that this could happen; because I believe in
6 the potential of this idea, I will co-sponsor a bill
7 the Public Advocate will be introducing today that
8 builds off of that proposal.

9 And finally, we applaud the Finance
10 Commissioner for agreeing to research how the City
11 might institute payment plans that take into account
12 people's ability to pay. So while we recognize that
13 reauthorization of this program is necessary to avoid
14 significant loss of critical funds, we expect that
15 the Administration will continue to work closely with
16 us in addressing these issues. Enactment of this
17 bill does not represent the end of the conversation.

18 I want to thank the members of the Lien
19 Sale Task Force who helped us get to improve this
20 legislation: Council Members Cornegy, Richards and
21 rose; Tanisha Edwards, Rebecca Chasan, Jeffrey Shear,
22 Alan Anders, Chris Allred; Joseph Murin. I also want
23 to thank essential staff who worked on legislation,
24 including Latonia McKinney, Emre Edev, Dr. Ray
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Majewski, Rebecca Chasan, Maria Nache [sp?], John
3 Seltzer and Eric Bernstein.

4 Next is a transparency resolution that
5 sets forth the new designation and changes in the
6 designation of certain organizations receiving local
7 aging and youth discretionary funding and funding
8 pursuant to certain initiatives in the budget.

9 Organizations appearing in the resolution
10 that have not yet completed the prequalification
11 process conducted by the Mayor's Office of Contract
12 Services, the Council and other entities are
13 identified in the attached chart with an asterisk
14 (*).

15 As with all transparency resolutions,
16 Council Members will have to sign a disclosure form
17 indicating or not a conflict with any of the groups
18 on the attached list. If any Council Member has a
19 potential conflict of interest with any of the
20 organizations listed, he or she has the opportunity
21 to disclose the conflict at the time of their vote.

22 As a reminder, please disclose any
23 conflicts you may have with proposed subcontractors
24 that are used by organizations sponsored by
25 discretionary funding. These disclosures must be

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3 made before the subcontractor can be approved.

4 Willhan [sp?] Graham [sic] from the General Counsel's
5 Office can assist you with any questions or concerns
6 regarding the disclosure.

7 The final item today is Int. 1371,
8 relating to the DUMBO BID located in Council Member
9 Levin's district. The BID is requesting the
10 following changes: an extension of the boundaries to
11 add an area east of the existing BID known as Dumbo
12 Heights, properties around the Brooklyn Bridge and an
13 additional commercial property at the edge of the
14 district; a \$185,000 increase in its annual
15 assessment to [sic] \$650,000 to \$835,000.

16 On December 15, 2016 the Committee held a
17 hearing to consider the local law that would
18 effectuate the changes of the BID; as required by
19 law, that hearing was closed without a vote and a 30-
20 day objection period began so that the property
21 owners affected by the expansion of the BID could
22 formally object. According to the City Clerk, with
23 whom the objections would be filed, no property
24 owners filed a valid objection to the expansion of
25 the DUMBO BID during a 30-day period. Accordingly,
the Committee now may vote in favor of Int. 1371 if

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1 we can answer the following questions in the
2 affirmative. Were all notices of the hearing for all
3 hearings required to be held published and mailed as
4 required by law and otherwise sufficient? Does all
5 the real property within the district boundaries
6 benefit from the expansion of the district except as
7 exempt as otherwise provided by law? Is all real
8 property benefited by the expansion of the district
9 including within the proposed expansion? Is the
10 expansion of the district in the best interest of the
11 public? In addition, the Committee and the Full
12 Council must determine that it is in the public
13 interest to authorize an increase in the maximum
14 annual expenditure amount, that the relevant tax and
15 debt limits will not be exceeded and that the notice
16 of increase proposal expenditures amount was properly
17 as published. Council Member Levin supports the
18 proposed expansion and other changes to the BID.
19 Representatives from the Department of Small Business
20 Services are here to testify regarding the BID.
21 Following their testimony, unless any member of the
22 Committee has a question, I will ask Billy Martin,
23 the Committee Clerk, to call the roll. You may come
24 up.
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2 COMMITTEE COUNSEL: Can you raise your
3 right hand, please? Do you affirm to tell the truth,
4 the whole truth and nothing but the truth in your
5 testimony before the committee today and to respond
6 honestly to council member questions?

7 MICHAEL BLAISE BACKER: I do. Good
8 morning Chair
9 Ferreras-Copeland and members of the Finance
10 Committee. I am Michael Blaise Backer, Deputy
11 Commissioner of Neighborhood Development at the
12 Department of Small Business Services. I am joined
13 by our BID Program Director, Jennifer Kitson, our BID
14 Development Senior Program Manager, Lamel Lindsey
15 [sp?], and our BID Development Program Manager Zack
16 Owens.

17 As required by law, the DUMBO BID
18 expansion steering committee mailed a summary of the
19 City Council resolution to the following parties: to
20 each owner of real property within the existing
21 district and proposed expansion at the address shown
22 on the latest City assessment roll, to such other
23 persons as are registered with the City to receive
24 tax bills concerning real property within the
25 existing district and proposed expansion, and to

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3 tenants of each building within the existing district
4 and the proposed expansion area.

5 Additionally, the DUMBO BID published a
6 notice of the public hearing at least once in a local
7 newspaper having general circulation in the district
8 specifying the time when and the place where the
9 hearing will be held and stating the increase
10 proposed and the maximum amount to be expended
11 annually.

12 Furthermore, SBS arranged for the
13 publication of a copy of the summary of the
14 resolution at least once in the City Record.

15 We would like to report on the result of
16 the objections filed with the City Clerk against the
17 proposed expansion of the DUMBO BID.

18 At the conclusion of the objection
19 period, at 5 p.m. on January 14th, 2017, and taking
20 into consideration any objections postmarked by that
21 date, no objections were filed with the City Clerk.
22 This level objection is within our acceptable
23 threshold needed to advance the bill for a favorable
24 consideration by the Full City Council.

25 The Department of Small Business Services
supports the expansion of the DUMBO BID and in our

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judgment the BID will improve quality of life and
business conditions in the DUMBO district. At this
time we're happy to take any questions. Thank you.

[pause]

COMMITTEE CLERK: William Martin,
Committee Clerk... [interpose][background comment]

[pause]

COMMITTEE CLERK: William Martin,
Committee Clerk, roll call vote, Committee on
Finance; items are coupled. Chair Ferreras-Copeland.

CHAIRPERSON FERRERAS-COPELAND: I vote
aye.

COMMITTEE CLERK: Van Bramer.

COUNCIL MEMBER VAN BRAMER: Aye.

COMMITTEE CLERK: Aye.

COMMITTEE CLERK: Gibson.

COUNCIL MEMBER GIBSON: Aye.

COMMITTEE CLERK: Cornegy.

COUNCIL MEMBER CORNEGY: Aye.

COMMITTEE CLERK: Cumbo.

COUNCIL MEMBER CUMBO: Aye.

COMMITTEE CLERK: Levine.

COUNCIL MEMBER LEVINE: Aye.

COMMITTEE CLERK: Miller.

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COUNCIL MEMBER MILLER: Aye.

COMMITTEE CLERK: Rosenthal. Matteo.

COUNCIL MEMBER MATTEO: Aye.

COMMITTEE CLERK: By a vote of 8 in the affirmative, 0 in the negative and no abstentions, all items have been adopted by the Committee.

[pause]

CHAIRPERSON FERRERAS-COPELAND: We will keep the roll open until... for approximately 20 minutes, so please, if you have members that are on their way, make sure that they get here as soon as possible. Thank you.

[pause]

COMMITTEE CLERK: Continuation roll call, Committee on Finance. [gavel] Council Member Rosenthal.

COUNCIL MEMBER ROSENTHAL: Aye.

COMMITTEE CLERK: Thank you. Vote now stands at 9.

[pause]

COMMITTEE CLERK: Continuation roll call, the Committee on Finance. Council Member Rodriguez.

COUNCIL MEMBER RODRIGUEZ: Aye.

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COMMITTEE CLERK: Vote now stands at 10
in the affirmative.

[pause]

COMMITTEE CLERK: Final vote in today's
Committee on Finance for January 18th; the final vote
now stands at 10 in the affirmative, 0 in the
negative and no abstentions.

[pause]

COMMITTEE CLERK: Committee on Finance
for January 18th is now adjourned.

C E R T I F I C A T E

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



Date January 24, 2017