



New York City Council
Committee on Finance Hearing

New York City Department of Finance

Testimony of

Michael Hyman, First Deputy Commissioner

August 8, 2017

Good morning, Chair Ferreras-Copeland and members of the Committee on Finance. I am Michael Hyman, First Deputy Commissioner at the New York City Department of Finance. With me today is Samara Karasyk, Assistant Commissioner of External Affairs.

The Department of Finance (DOF) supports Pre-Considered Intro 6474, legislation that will allow the City to increase the income eligibility ceiling from \$37,399 to \$58,399 for the Senior Citizen and Disabled Homeowner Exemption (SCHE/DHE) programs, which were recently re-branded as the NYC Tax Break for Homeowners.

The City of New York offers property tax relief through our property tax exemption programs. Many low-income seniors and others living on a fixed income have difficulty living in New York because of the high cost of housing, including property taxes. These property tax exemptions help people stay in their homes.

Currently, SCHE and DHE provide a property tax exemption of 50 percent of DOF's assessed value for senior and disabled homeowners earning \$29,000 per year, with homeowners making up to \$37,399 receiving a smaller percentage exemption on a sliding scale.

Under this legislation, senior and disabled homeowners making up to \$50,000 would be eligible for the 50 percent exemption, with homeowners making up to \$58,399 receiving a smaller exemption on a sliding scale. DOF estimates that 35,000 homeowners will benefit from the higher income ceiling. Approximately 26,000 homeowners will qualify for SCHE for the first time and an additional 6,200 will receive enhanced benefits. We estimate that 2,500 households qualify for DHE for the first time and an additional 500 will receive enhanced benefits. The overall average benefit produced by this legislation will be \$1,750 per property.

The chart below details the new sliding scale for SCHE/DHE exemptions.

| Annual Income as of July 1, 2009 | Reduce AV by | Annual Income as of July 1, 2017 | Reduce AV by |
|---|---------------------|---|---------------------|
| More than \$29,000 but <\$30,000 | 45% | More than \$50,000 but <\$51,000 | 45% |
| \$30,000 or < \$31,000 | 40% | \$51,000 <\$52,000 | 40% |
| \$31,000 or <\$32,000 | 35% | \$52,000 <\$53,000 | 35% |
| \$32,000 or <\$32,900 | 30% | \$53,000 <\$53,900 | 30% |
| \$32,900 or <\$33,800 | 25% | \$53,900 <\$54,800 | 25% |
| \$33,800 or <\$34,700 | 20% | \$54,800 <\$55,700 | 20% |
| \$34,700 or <\$35,600 | 15% | \$55,700 <\$56,600 | 15% |
| \$35,600 or <\$36,600 | 10% | \$56,600 <\$57,500 | 10% |
| \$36,600 or <\$37,400 | 5% | \$57,500 <\$58,400 | 5% |

Thanks to City Council’s support, this past year, DOF conducted a SCHE/DHE renewal process for the first time in more than a decade. While we have processed all renewal applications that were received on time, we are still receiving applications and processing them as they come in. DOF sent out approximately 57,000 renewal applications (52,000 for SCHE; 5,000 for DHE) last fall.

Many homeowners completed the renewal process but lost their exemption due to income ineligibility, or saw a decrease in their exemption amount due to income. This legislation will allow the City to grant the exemption to 4,000 homeowners who were denied the benefit because of their income.

DOF is planning an aggressive outreach strategy to ensure that all who are eligible apply for the exemption. We will offer in-person assistance at our business centers in all five boroughs. We understand that there are times when applicants need to communicate information about their financial and living situations that require direct contact with DOF. We will also partner with our sister agencies, the Mayor’s Office, elected officials, community groups, and advocates to ensure that the City is reaching out to all stakeholders who work with seniors and people with disabilities to raise awareness of the exemption. We plan to use every tool at our disposal to publicize the enhanced Tax Break for Homeowners Program and to

use this change to advertise the program overall. As always, we look forward to working with City Council members to organize local outreach events and hope to hear from members soon to start planning.

The City supports this legislation and is committed to ensuring that seniors and people with disabilities who live on limited means are able to remain in their homes.



Department of Finance

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Testimony of

Zal Kumar, Director of Business Tax Services

August 8, 2017

Good morning, Chair Ferreras-Copeland and members of the Committee on Finance. I am Zal Kumar, Director of Business Tax Services at the New York City Department of Finance. With me today is Samara Karasyk, Assistant Commissioner of External Affairs.

The Department of Finance supports Pre-Considered Intro 6461, legislation that will allow the City to impose a surcharge on the retail sale of prepaid wireless communications services and continue the surcharge on wireless communications services.

The City of New York imposes surcharges on landline, Voice-over-Internet Protocol, and wireless communications services to support the enhanced 911 emergency telephone or "E-911" system. The existing wireless communications surcharge, which appears as a 30-cent fee on New Yorkers' monthly cell phone bills, generates approximately \$20 million for New York City's E-911 system each year.

The New York State Fiscal Year 2018 enacted budget, adopted in April 2017, stipulates that prepaid wireless communications services can now be subject to a 30-cent-per-sale surcharge as well. We support this change and expect that it will generate \$100,000 annually for the City's E-911 system.

The FY 2018 enacted budget also shifts administration of the wireless communications surcharge from the City to the State. As a result, we will receive the proceeds via wire transfers into the City's central treasury. The change was adopted as an efficiency measure, as the State collects the surcharge for all counties throughout New York State that are outside the City.

As part of the change, the existing authorization for the wireless communications surcharge was given a repeal date of December 1. The City must now adopt a local law to authorize the surcharges, and thereby maintain the existing wireless communications surcharge and ensure a seamless transition for wireless customers.

The City of New York supports this bill to treat prepaid and other wireless communications services consistently, ensure continuity with the existing

surcharge, and continue to raise much-needed revenue for the City's E-911 system. I am happy to take any questions the Committee may have.



**MOBILIZATION FOR
JUSTICE**

TESTIMONY

ON

PROPOSED AMENDMENTS TO INCREASE MAXIMUM
QUALIFYING INCOME FOR SENIOR AND DISABLED
HOMEOWNER PROPERTY TAX EXEMPTIONS

PRESENTED BEFORE:

CITY OF NEW YORK, COMMITTEE ON FINANCE

PRESENTED BY:

BELINDA LUU
MFY LEGAL SERVICES, INC.

August 8, 2017

Mobilization for Justice, Inc.
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My name is Belinda Luu and I am a Staff Attorney in the Foreclosure Prevention Project at Mobilization for Justice, Inc. (formerly MFY Legal Services, Inc.). Mobilization for Justice envisions a society in which there is equal justice for all. Our mission is to achieve social justice, prioritizing the needs of people who are low-income, disenfranchised, or have disabilities. Our organization provides high-quality civil legal services to more than 12,000 poor and low-income clients every year in the areas of housing, employment, consumer, seniors, and disability rights, benefiting over 20,000 people. In 2008, in the aftermath of the economic recession and subsequent foreclosure crisis, Mobilization for Justice, launched its Foreclosure Prevention Project. Through a weekly hotline, courthouse clinics, and representation in foreclosure actions, the staff of Mobilization for Justice's Foreclosure Prevention Project interact daily with low-income homeowners and hear their stories firsthand. Although not specifically targeted to seniors, about 37% of the clients served through our Foreclosure Prevention Project are senior citizens.

As an organization dedicated to preserving New York communities, Mobilization for Justice commends the Council for examining the City's effort to increase protections for senior citizen and disabled homeowners. Mobilization for Justice strongly supports the Council's proposal to increase the eligible income threshold for both the Senior Citizen Homeowner Exemption (SCHE) and the Disabled Homeowner Exemption (DHE). This proposed increase will preserve homeownership for a greater number of New York's senior citizens and persons with disabilities and, as a result, stabilize and preserve the communities where they live.

Mobilization for Justice would like to highlight the recent experience of one of our senior clients, Mrs. J, to demonstrate the need for the Council's proposed changes. Mrs. J has owned her home in the Bedford-Stuyvesant neighborhood of Brooklyn for over 30

years. Unfortunately, when her husband lost his job a few years ago, Mrs. J fell behind on her mortgage payments. Mobilization for Justice currently represents Mrs. J in a foreclosure action that was filed against her. A recent widow, and disabled, Mrs. J relies on rental income from two units in her property and her social security benefits to manage her living expenses. Altogether, her gross annual income is about \$43,260.

Given the rapid gentrification in Bedford-Stuyvesant, the market value of Mrs. J's home, which she shares with two of her grandchildren in addition to her tenants, has skyrocketed in recent years. This would be a fortunate development for Mrs. J if her home was an investment property or if she was interested in selling her home. However, this is not the case. In fact, Mrs. J sought our assistance specifically because she is determined to keep her home of over 30 years as a stable residence for her and her family. However, the increasing property valuation has caused her property tax obligations to increase as well. Meanwhile, Mrs. J's already fixed income recently decreased dramatically when her husband passed away, making it increasingly burdensome for her to keep up with property taxes. Under the current version of section 11.245.3, Mrs. J does not qualify for an exemption. Under the proposed amendments however, Mrs. J would qualify for a 45 percent exemption. This would result in a lower quarterly property tax payment, and subsequently allow Mrs. J to keep up with her living expenses and to afford a modified mortgage payment.

The Council's proposal to increase the income threshold for SCHE is particularly valuable for senior citizen homeowners with reverse mortgages. Reverse mortgages allow senior citizen homeowners to continue living in their homes without a mortgage payment by allowing them to draw on their equity each month. However, most reverse mortgage contracts require the homeowner to remain current on their property taxes. Failure to keep up with property taxes is

considered an automatic default on the reverse mortgage and often forms the basis for a reverse mortgage foreclosure lawsuit. As a result, rapidly increasing property taxes puts senior citizens with reverse mortgages at a heightened risk of foreclosure because if they fall behind on their property taxes, they are both in danger of being sued in a tax foreclosure action and a mortgage foreclosure action. This risk is particularly accentuated because most seniors rely on fixed income, including pension or Social Security payments, and those sources of income do not account for exponential property tax increases, even with periodic cost of living adjustments.

Again, Mobilization for Justice commends the Council for recognizing the importance of protecting senior and disabled homeowners with expanded property tax exemptions and ensuring that they can remain in their homes and in their communities. We fully support the Council's proposed amendments to the administrative code of the city of New York relating to increasing the maximum qualifying income for the senior citizen and disabled homeowners exemptions. Thank you for holding today's hearing and for considering this important issue.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 6474 Res. No. _____

in favor in opposition

Date: 8/8/17

(PLEASE PRINT)

Name: Belinda Lull

Address: 100 William St, 6th Fl NY NY 10038

I represent: Mobilization for Justice, Inc.

Address: same

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 6474 Res. No. _____

in favor in opposition

Date: 8/8/17

(PLEASE PRINT)

Name: Olivia Meier

Address: 1704 E 15 St Brooklyn, NY

I represent: NYC Veterans Alliance

Address: PO Box 532 New York, NY

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 8/8/17

(PLEASE PRINT)

Name: Samara Karasyk

Address: _____

I represent: NYC Dept of Finance

Address: _____

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 6461 Res. No. _____

in favor in opposition

Date: August 8, 2017

(PLEASE PRINT)

Name: Zal Kumar

Address: 598 Manhattan Ave, Apt 3A, Brooklyn NY 11222

I represent: The NYC Department of Finance

Address: 345 Adams Street, New York, NY 11201

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 6474 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Michael Hyman

Address: _____

I represent: NYC Dept of Finance

Address: 1 Centre St

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 6474 Res. No. _____

in favor in opposition

Date: 8/8/17

(PLEASE PRINT)

Name: Michael Hyman

Address: 1 Centre St

I represent: Dept. of Finance, NYC

Address: 1 Centre St

Please complete this card and return to the Sergeant-at-Arms