

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON FINANCE

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March 11, 2009
Start: 11:00am
Recess: N/A

HELD AT: Council Chambers
City Hall

B E F O R E:
DAVID I. WEPRIN
Chairperson

COUNCIL MEMBERS:
Maria Baez
Gale A. Brewer
Leroy G. Comrie, Jr.
Lewis A. Fidler
James F. Gennaro
Vincent J. Gentile
Alan J. Gerson
Eric Gioia
Vincent Ignizio
Robert Jackson
G. Oliver Koppell

A P P E A R A N C E S

COUNCIL MEMBERS:

James S. Oddo
Diana Reyna
Joel Rivera
Helen Sears
Albert Vann
David Yassky
Peter Vallone

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

Barbara Flynn
Chief of Staff of Intergovernmental Affairs
Department of Housing Preservation and Development

Christopher Brown
Senior Director of Government Affairs and Finance
Department of Housing Preservation and Development

CHAIRPERSON WEPRIN: Good morning.

We made it under the wire. Welcome to today's Finance Committee hearing. My name is David Weprin; I chair the Committee. Today the Finance Committee has several items on its agenda. First we have proposed Intro 852-A, which seeks to codify the Department of Finance Statement of Account process to include emergency repair charges incurred by HPD on the statement of account for the benefit of my colleagues, I'll briefly describe the Department of Finance Statement of Account process and HPD's emergency repair program, also known as ERP.

In 2004, the Department of Finance introduced a process that consolidated all property related charges imposed by various city agencies into one bill, known as the Statement of Account. The Statement of Account is a statement mailed quarterly in January, April, July and October and is designed to provide a comprehensive, simple summary of charges to a property owner's account, detailing the amount owed, amount due in future periods and what credits, if any, a property owner may have.

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2 While almost all agencies have
3 their property related charges billed on the
4 Statement of Account, HPD's ERP charges are not.
5 Instead these charges are billed and mailed
6 separately by the Department of Finance. ERP
7 charges are incurred by HPD when HPD repairs an
8 emergency condition after the property owner fails
9 to do so. Such repair charges are then billed to
10 the property owner.

11 The legislation before us today
12 would conform HPD's emergency repair billing
13 process to the Department of Finance's current
14 billing process, which will provide that all ERP
15 charges incurred by HPD be reflected on the SOA
16 and thereby eliminating the need for the
17 Department of Finance and HPD to send out separate
18 emergency repair charge bills. The owner would
19 therefore only need to be concerned with the
20 Statement of Account bill that he or she receives
21 from the Department of Finance, which should
22 eliminate any confusion as to when charges become
23 liens and when they are due and payable.

24 Under the legislation, property
25 owners will receive notice of the charge on the

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2 first statement mailed during the regular
3 quarterly cycle. The charge would not become due
4 until the next quarterly Statement of Account is
5 mailed. For example, if ERP work is done by HPD
6 in August, the ERP charge amount would be listed
7 on the October Statement of Account. It would not
8 become due and payable until the due date listed
9 on the next SOA, which would be mailed in January.
10 It is estimated that eliminating the mailing of a
11 separate ERP bill would result in a savings of
12 \$25,000 that would otherwise be used for annual
13 postage costs. We will hear shortly from
14 representatives from the Department of Finance on
15 the details of this bill.

16 Next on our agenda is a pre-
17 considered Land Use item that makes a technical
18 correction as indicated in the resolutions
19 briefing report. On December 9, 2008 the Finance
20 Committee passed Resolution 1726, which provided a
21 property tax exemption to Haven Plaza which is in
22 Council Member Rosie Mendez' district. That
23 contains four buildings that currently provide 371
24 units of rental housing for low income families.
25 When the legislation, which was submitted by HPD,

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2 passed in December the incorrect section of law is
3 referenced. Therefore the property tax exemption
4 should not be granted. Therefore the pre-
5 considered resolution before us today sets forth
6 the correct section of the law. If the Committee
7 votes in the affirmative this would provide a
8 property tax exemption for Haven Plaza.

9 Our last piece of legislation
10 relates to the adopted fiscal 2009 expense budget.
11 In an effort to make the budget process more
12 transparent, this Committee will vote on a pre-
13 considered resolution approving certain changes in
14 the designation of organizations receiving funding
15 in the fiscal 2009 expense budget. Specifically
16 the resolution before us today sets forth new
17 designations and/or changes in the designation of
18 certain organizations receiving local aging and
19 youth discretionary funding as well as new
20 designations and/or changes in the designation of
21 certain organizations to receive funding pursuant
22 to certain initiatives in the fiscal 2009 expense
23 budget.

24 Council members should have the
25 list of these new designations and changes, which

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2 is attached to the resolution. For clarification
3 purposes, it is to be noted that organizations
4 appearing in the resolution that have not yet
5 completed the pre-qualification process conducted
6 by the Mayor's Office of Contract Services or by
7 the Council are identified in the attached charts
8 with an asterisk. Additionally, as with all
9 transparency resolutions, council members will
10 have to sign disclosure form indicating whether or
11 not a conflict exists with any of the groups on
12 the attached list. If any council member has a
13 potential conflict of interest with any of the
14 organizations listed, he or she might want to
15 disclose that conflict at the time of their vote.

16 Members of the council committee,
17 the finance division are available to answer any
18 questions you may have regarding the transparency
19 resolution and Noren Kamp is available to answer
20 any questions you may have regarding the conflict
21 of interest disclosure form.

22 Let me introduce my colleagues that
23 are here. We have Council Member Helen Sears from
24 Queens, Majority Leader Council Member Joel Rivera
25 from the Bronx, Council Member Gale Brewer from

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2 Manhattan, Council Member Alan Gerson from
3 Manhattan, Council Member David Yassky from
4 Brooklyn, Minority Leader Council Member Jim Oddo
5 from Staten Island and Brooklyn, Council Member
6 Vincent Ignizio from Staten Island, Council Member
7 Albert Vann from Brooklyn and our Deputy Majority
8 Leader Council Member Leroy Comrie from Queens.

9 Is that a quorum? Well, one more. Mr. Brown and
10 Ms. Flynn, you want to come up for the HPD to
11 testify and Grace Dafina also.

12 BARBARA FLYNN: Good morning
13 Chairman Weprin and members of the Finance
14 Committee. I am Barbara Flynn, Chief of Staff of
15 Intergovernmental Affairs at the Department of
16 Housing Preservation and Development. I am joined
17 by Grace Dafina, Director of Planning and Support
18 Services for Code Enforcement and Christopher
19 Brown, Senior Director of Government Affairs and
20 Finance. Thank you for the opportunity to testify
21 on Introductory 852, which would streamline the
22 billing and payment process for emergency repair
23 work performed by HPD.

24 HPD performs emergency repairs on
25 privately owned residential buildings in order to

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2 address immediately hazardous violations that are
3 not corrected by the owner. Repairs are also
4 performed in response to emergencies reported to
5 HPD by outside agencies, which include the
6 Department of Health and Mental Hygiene and the
7 Department of Buildings. Emergency repairs are
8 performed by outside contractors or in-house
9 technical staff. Emergency repair charges
10 incurred by HPD are billed to the owner. All
11 emergency repair charges may be protested by the
12 owner.

13 Intro 852 contains two changes to
14 current law. The first simply ensures that the
15 Department of Finance's Statement of Account
16 continues to be sent on some regular interval such
17 as quarterly or twice a year. Most property
18 owners know the SOA as their property tax bill and
19 know that the bill is usually received quarterly
20 with a summary of charges that includes real
21 estate taxes and all agency charges that are owed
22 and the date by which such charges must be paid.
23 The first part of this legislation merely codifies
24 current practice.

25 The second change conforms HPD's

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2 emergency repair program or ERP billing or lien
3 creation process to the Department of Finance's
4 current billing process, thereby eliminating the
5 need for Finance to send out a separate emergency
6 repair charge bill. About five years ago Finance
7 consolidated all agencies' charges on their
8 quarterly Statement of Account notice to property
9 owners, except that it continued to send out a
10 separate bill for HPD's emergency repair charges.

11 Intro 852 allows the Department of
12 Finance to eliminate this separate bill for HPD's
13 emergency repair charges so that charges will only
14 appear on the property statement. The owner will
15 therefore only need to be concerned with their
16 Statement of Account bill, which should eliminate
17 any confusion as to when charges become liens and
18 when they are due and payable.

19 Currently if HPD performs an
20 emergency repair and the owner does not pay the
21 bill within 30 days of receipt, the charge becomes
22 a lien on the property. HPD sends Finance a list
23 of charges and block and lots where HPD has
24 performed emergency repair work and Finance, in
25 turn, sends out a bill to the owners. The

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2 property owners also receive a quarterly Statement
3 of Account from Finance. As a result many
4 building owners are often confused as to which due
5 date they must comply with.

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7 Under Intro 852, HPD will continue
8 sending charges and a list of addresses to Finance
9 but the property owner will now only receive one
10 bill from the Department of Finance, their next
11 quarterly Statement of Account. Owners will now
12 have approximately 90 days to pay this charge
13 instead of the current 30 days. Let me give you
14 an example of the new process.

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15 HPD replaces a boiler in October
16 and sends Finance the address and charge. Finance
17 will include this in their January 1st quarterly
18 Statement of Account as a future charge on the
19 bill. This means that while an owner may pay the
20 ERP charge listed on this bill along with their
21 real property taxes by January 1st, the emergency
22 repair charge is really not due until the next
23 quarterly Statement of Account as due and payable,
24 which is April 1st.

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25 Currently if the homeowner wants to
protest an ERP charge he or she must do so in

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2 writing within 30 days of receiving a bill for
3 emergency repair work. If they don't, the owner
4 forfeits their right to do so in future
5 proceedings. Intro 852 also requires an owner to
6 protest in writing, although they have 90 days or
7 until the due and payable date of the second
8 Statement of Account that is received after the
9 emergency repair work is completed.

10 This legislation provides from a
11 government transparency and at the same time saves
12 the city modest amount of money by eliminating the
13 separate first bill. Most significantly, it
14 finally consolidates all agencies' charges into
15 the Finance Statement of Account Process. Thank
16 you and we will answer any questions.

17 CHAIRPERSON WEPRIN: Any questions?
18 We've been joined by Council Member Lou Fidler
19 from Brooklyn and Council Member Robert Jackson
20 from Manhattan and Council Member Oliver Koppell
21 from the Bronx and Council Member Jim Gennaro from
22 Queens. Council Member Brewer?

23 COUNCIL MEMBER BREWER:
24 Congratulations. It's a very good idea. My
25 question is this, I never quite understood the

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2 lien structure. Because we always used to hear
3 that when HPD, even years ago, would do repair
4 work it would put a lien on the building. But we
5 always thought that, unfortunately, the owner
6 never seemed to pay until the building was sold
7 and then of course you have to deal with the
8 mortgage people so on and so forth so you really
9 did have to pay if you closed. So my question is
10 how does the lien situation work? For instance,
11 even with this new billing situation, somebody
12 doesn't pay. What would be the penalty and would
13 it change? How does that work? Because lots of
14 times it was my impression that some of the good
15 owners would pay but others don't and sometimes
16 because you're doing the repair work that means
17 that somebody is not doing it themselves. How do
18 you end up making sure that you get your money is
19 what I'm trying to say?

20 MS. FLYNN: As you said, nothing is
21 going to change really. The owners that are going
22 to pay will pay within the 30 days. It becomes a
23 lien on their property. Some will pay; we do
24 collect charges all the time. I'm not sure off of
25 the top of my head how much we've collected in the

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2 last year. Last year we collected 90% of our ERP
3 charges so that will continue.

4 COUNCIL MEMBER BREWER: That's
5 good. Are there any other bills, now that this is
6 such a good system, besides ERP that should be
7 consolidated from either other agencies or other
8 HPD?

9 MS. FLYNN: I believe that all of
10 the charges have already been consolidated on the
11 Statement of Account.

12 CHRISTOPHER BROWN: That's correct.
13 It's been a several year process. ERP charges
14 were the only ones written out in the
15 administrative code that had to be done on a
16 monthly basis. This changes that and allows us to
17 fold them in into the Statement of Account, which
18 is obviously done on a quarterly basis.

19 COUNCIL MEMBER BREWER: Thank you.

20 CHAIRPERSON WEPRIN: We've been
21 joined by Council Member Eric Gioia from Queens.
22 While we have a quorum, if there are no other
23 major questions I'd like to call for a vote on the
24 item. Council Member Gerson, quickly.

25 COUNCIL MEMBER GERSON: I just want

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2 to make sure the emergency repairs covered by the
3 bill include the provision of heat and water upon
4 need.

5 MS. FLYNN: Yes, yes.

6 COUNCIL MEMBER GERSON: Thank you.

7 CHAIRPERSON WEPRIN: Can we call
8 for a vote? We're going to couple Intro 852, pre-
9 considered Land Use item and pre-considered
10 transparency resolution. Please look through the
11 items and sign the potential conflict of interest
12 statement. Call the roll.

13 CLERK: Council Member Weprin.

14 CHAIRPERSON WEPRIN: Aye on all.

15 CLERK: Council Member Rivera.

16 COUNCIL MEMBER RIVERA: I vote aye.

17 CLERK: Council Member Brewer.

18 COUNCIL MEMBER BREWER: Aye.

19 CLERK: Council Member Comrie.

20 COUNCIL MEMBER COMRIE: Aye.

21 CLERK: Council Member Fidler.

22 COUNCIL MEMBER FIDLER: Aye.

23 CLERK: Council Member Gennaro.

24 COUNCIL MEMBER GENNARO: Yes.

25 CLERK: Council Member Gerson.

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2 COUNCIL MEMBER GERSON: In response
3 to a request from the minority, I'd like to be
4 excused to explain my vote. [Applause]

5 CHAIRPERSON WEPRIN: No problem.

6 COUNCIL MEMBER GERSON: I vote aye.
7 Thank you very much.

8 CLERK: Council Member Jackson.

9 COUNCIL MEMBER JACKSON: Aye on
10 all.

11 CLERK: Council Member Koppell.

12 COUNCIL MEMBER KOPPELL: Aye on
13 all.

14 CLERK: Council Member Sears.

15 COUNCIL MEMBER SEARS: Aye on all.

16 CLERK: Council Member Vann.

17 Aye on all.

18 CLERK: Council Member Yassky.

19 Aye.

20 CLERK: Council Member Ignizio.

21 Aye.

22 CLERK: Council Member Oddo.

23 Yes.

24 CLERK: Council Member Gioia.

25 I vote yes and I want to thank this

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city for their hard work on this bill.

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CLERK: The vote now stands at 14 in the affirmative, zero in the negative and no abstentions.

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CHAIRPERSON WEPRIN: I'm going to keep the roll open for up to a half hour for those who are around the building. Other than that, we're adjourned.

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CLERK: Council Member Vallone.

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COUNCIL MEMBER VALLONE: I vote aye

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CLERK: Council Member Baez.

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COUNCIL MEMBER BAEZ: Aye.

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CLERK: The committee reports can be signed at the Sergeant at Arms' desk in the front, near the entrance.

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CHAIRPERSON WEPRIN: Council Member Reyna.

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COUNCIL MEMBER REYNA: I vote aye on all.

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CHAIRPERSON WEPRIN: The current vote on the Committee on Finance is now at 18 in the affirmative, zero in the negative and no abstentions. Thank you.

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CHAIRPERSON WEPRIN: Council Member

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Gentile.

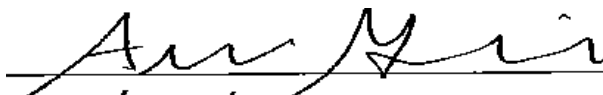
COUNCIL MEMBER GENTILE: Aye on
all.

CHAIRPERSON WEPRIN: The current
vote on the Committee on Finance is now 19 in the
affirmative, zero in the negative and no
abstentions. Thank you.

C E R T I F I C A T E

I, Amber Gibson, 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

A handwritten signature in cursive script, appearing to read "Amber Gibson", is written over a horizontal line.Date March 30, 2009