

COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
1 GOVERNMENTAL OPERATIONS 1

2 CITY COUNCIL
3 CITY OF NEW YORK

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5 TRANSCRIPT OF THE MINUTES

6 Of the

7 COMMITTEE ON FINANCE JOINTLY WITH THE COMMITTEE
ON GOVERNMENTAL OPERATIONS

8 November 19, 2019

9 Start: 1:11 p.m.

Recess: 3:50 p.m.

10 HELD AT: Committee Room - City Hall

11 B E F O R E: DANIEL DROMM
12 Chairperson

13 FERNANDO CABRERA
14 Co-Chair

15 COUNCIL MEMBERS:

16 ADRIENNE E. ADAMS
17 ROBERT E. CORNEGY, JR.
18 LAURIE A. CUMBO
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20 MARK GJONAJ
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A P P E A R A N C E S (CONTINUED)

- Jeffrey Shear
Deputy Commissioner for Treasury and Payment
Services at the New York City Department of
Finance, DOF
- Jennifer Geiling
Deputy Director, Policy and Partnerships from the
Mayor's Office of Contract Services
- Andrew Rettig
Chief of Revenue Protection for the Bureau of
Customer Services for the Department of
Environmental Protection
- Ted Oberman
Director of Commercial Exemptions from the
Department of Finance's Property Exemption
Administration
- Jean Carubia
Deputy Director, Commercial Exemptions, New York
City Department of Finance, DOF
- Paula Segal
Senior Staff Attorney in the Equitable
Neighborhoods Practice, Take Root Justice
- Mara Kravitz
Protect Our Places Coalition
- Marcia Eisenberg
General Counsel at the Jewish Community Relations
Council
- Peter Cook
Executive Director of the New York State Council
Churches
- Alexandra Brandes
Policy and Advocacy Manager at Lenox Hill
Neighborhood House
- Robert Foltz Morrison
Reverend at the Presbyterian of New York City

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

MJ OKMA Okma
Policy and Campaign Strategist for the Human
Services Council

Lemuria Alawode-El
Associate Vice President of Strengthen NYC at
United Way of New York City

Kobir Chowdhury
President of Masjid Al Aman Mosque

Mohamed Selim
Represents Almanir Foundation of Queens

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[gavel]

CHAIRPERSON DROMM: Okay, good afternoon.

I'm Council Member Daniel Dromm, Chair of the Committee on Finance. Today's hearing is being held jointly with the Committee on Governmental Operations which is chaired by Council Member Fernando Cabrera. We are joined today by Council Member Rory Lancman, Minority Leader Steve Matteo, Council Member Farah Louis, I said Council Member Cabrera already, Council Member Barry Grodenchik, Council, Council Member Antonio Reynoso as well. New York City is home to thousands of not for profit organizations that deliver critical programs and services to the communities throughout the five boroughs, provide for our resident's spiritual and religious needs and do countless hours of charitable work. The not for profit sector is significant in the city's economy. As of 2017, New York City had the highest number of not for profit sector, sector jobs in the state with over 662,000 employees at an average wage of 63,000 dollars. Given the sector's importance in the city it is key to understand the ongoing challenges many of these organizations face and to maintain a commitment to provide support to these vital partners through

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the access to helpful resources citywide. Today's hearing and the bills we are considering is aimed at encouraging city government to look at the not for profit sector holistically rather than taking an agency by agency approach. Much like how EDC and SBS work to study and bring solutions to many sectors across the business industries, the administration should focus on not for profits in a similar manner. I commend the finance commissioner, Jacques Jiha for taking the first step towards that goal. Under his leadership DOF launched a non-for-profit task force comprised of representatives of the Mayor, the City Council and members of the not for profit community aimed at connecting not for profit property owners across the city with local government resources. More specifically the task force focused on addressing several issues largely related to the lack of clarity, information, coordination and outreach about the not for profit property tax exemptions, the lien sale, charges imposed by the New York City Fire Department, water and sewer exemptions administered by DEP and waivers of Department of Building inspection fees. As a result of the collaborative efforts of this task force and of the work of the

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bill's prime sponsors we have four pieces of legislation before us today that would ease some of the bureaucracy created by the city and create a single point of contact for not for profits to engage with city government and access the many resources we have to offer. The three bills that are in the finance committee are one, proposed Intro 245-A sponsored by Council Member Reynoso which would require DOF to create a not for profit ombudsman person... position, exempt certain property that received a not for profit tax exemption within the prior two years from the tax lien sale, exempt property from tax lien sale where the owner has in good faith submitted an application for the not for profit, profit property tax exemption with DOF, provide notice to class four property owners about exemptions and other actions to remove a property from the tax lien sale and include information on how to remove a property from the tax lien sale when denying applications for certain exemptions. Two, Intro 1776 sponsored by Council Member Ayala which would require DOF and DEP to develop a single application form for the not for profit property tax exemption, the exemption from water and sewer charges

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communities. As will be discussed in detail during
the... this hearing the city already offer various
information, training, financial resources to local
not for profits. The city also solicits feedback from
the not for profit sector through various portals.
Still we can and should do more to ensure easy
communication between the city and not for profits so
we can be flexible and respond to fluctuations
including changes to state and federal law that
impact not for profit work. To that end among the
bills to be heard today is Introduction 1784
sponsored by my colleague Council Member Farah Louis,
this bill will be... will require the Mayor to
establish an office of not for profit services to
offer a liaison to not for profit organization
simulations to policy and regulations, contracting
and funding opportunities and programs and benefits
effecting their sector. This office will advise the
Mayor and the city agencies on policies affecting not
for profits... [clears throat] excuse me... an annual... an
annually... an annual report on recommendations to
improve the wellbeing of our not for profit sector. I
would like to thank our Government Operation staff
Committee Counsel Danny Collins, Policy Analyst

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Elizabeth Kronk and Emily Forgione and Finance Analyst Sebastian Bacchi and as well as my own Legislative Communications Director Claire McLeveighn. I would now like to recognize Council Member Louis for an opening statement. Let me just say that this is her very first bill, congratulations.

COUNCIL MEMBER LOUIS: Good afternoon everyone, thank you so much Chair Dromm and Chair Cabrera for the opportunity to discuss this bill and I want to thank my colleagues, Council Member Reynoso, Rivera, and Ayala for joining in this package of bills. Yeah that's probably easier. Thank you so much. Across New York City nonprofit organizations are on the ground doing vitally important work in schools, senior centers and other public spaces to provide services our constituents rely on every day. I am intimately familiar with the challenges these nonprofits face in New York City as a former budget director. I know of many other staffers that I have worked with in the past at the council and local nonprofits that shared the same experiences I had which was basically spending a great deal of time helping disgruntled leaders from

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3 some of the other vital important bills introduced by
4 my colleagues today creating opportunities for
5 nonprofits to thrive. Thank you Chairs Dromm and
6 Cabrera and the council... and Council Members Reynoso,
7 Rivera, Ayala for your partnership on this issue and
8 I want to thank the nonprofit organizations that are
9 here today and those that are supporting this
10 movement in order for us to stand and work together
11 to build a greater New York City, thank you.

12 CHAIRPERSON DROMM: Very good, we'll now
13 hear from Council Member Reynoso.

14 COUNCIL MEMBER REYNOSO: With gratitude
15 to the Chairs and also to Council Member Louis,
16 Rivera, Ayala for the work in ensuring that we take
17 care of the non for profits in our... in our city that
18 do such great work. The bill that I am here... that
19 we're hearing today, Intro 245 that I am sponsoring
20 provides exemptions from the tax lien sales list for
21 nonprofits that are in the process of securing a tax
22 exemption and requires that the city better inform
23 nonprofits about how they can stay off the list and
24 the potential consequences if they do end up on the
25 list. I have more, more comments but I just wanted to
speak to a couple of examples of what some of these

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CHAIRPERSON DROMM: Okay, thank you.

We'll now hear from Council Member Rivera.

COUNCIL MEMBER RIVERA: Thank you Chairs

Dromm and Cabrera for allowing me to speak today and for holding this important hearing and I have to thank Council Members Reynoso, Ayala and Council Member Farah Louis for their leadership in moving this legislative package forward. So, the bills we are hearing today will help relieve the financial and administrative burdens that our city's nonprofits have been forced to take on by our outdated tax and city finance system. As a former community organizer, nonprofit employee, Council staffer and now Council Member I have seen the critical impact that these safe and very much sacred spaces play in housing, healthcare, education, the arts and social services both in my district and throughout the five boroughs. I have also unfortunately seen many of our city's nonprofit providers crumble under financial duress and complicated bureaucracy leaving our communities without the resources they need to thrive. The package of legislation which includes my bill Intro 1799 is simplifying our often times confusing and unwelcoming finance system for our nonprofit

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2 organizations. Under Intro 1799 the Department of
3 Finance will be mandated to create and distribute
4 information on tax exemptions, funding applications
5 and other resources for nonprofits. This legislation
6 will allow nonprofits to navigate government channels
7 with greater ease and streamline their funding
8 process. The fact of the matter is many of these
9 organizations are operated by overworked staffers and
10 volunteers many of whom lack training in complicated
11 finance and tax law. Organizations are already
12 struggling to keep their lights on as they apply for
13 funding and support and as a legislative body, we
14 need to make sure our finance laws uplift rather than
15 penalize them. That, that's why I'm proud to support
16 this package of legislation that will increase
17 transparency while making it easier for nonprofits to
18 focus on their missions as service providers and I
19 look forward to this discussion today and moving
20 these important changes forward. Thank you so much
21 for the time.

22 CHAIRPERSON DROMM: Thank you very much
23 and before I finish up here, I want to say we've been
24 joined by Council Members Kallos, Koslowitz, Yeger,
25 Cumbo and Van Bramer as well. Now before we hear

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Commissioner for Treasury and Payment Services at the
New York City Department of Finance, DOF. I am here
today to testify on three bills related to not for
profit, NFP organizations. They are Intro 245-A,
Intro 1776 and Intro 1799. I am joined today by
Jennifer Geiling, Deputy Director, Policy and
Partnerships from the Mayor's Office of Contract
Services to testify on Intro 1784 as well as by
Andrew Rettig, Chief of Revenue Protection for the
Bureau of Customer Services for the Department of
Environmental Protection and Ted Oberman, who is
Director of Commercial Exemptions from DOF's Property
Exemption Administration to help me answer your
questions. I'd like to start off by talking about the
great work DOF has done in the past few years to
engage the NFP community and to ensure more NFPs
renew their property exemptions on time. Through
DOF's outreach including an NFP portal, letters and
follow-up calls, we have achieved a 99 percent
renewal rate for the past two years, which reflects
an average of 13,000 renewals per year and an average
of 92 non-responders. This means NFPs do not have to
file a new application and their exemption has no
break in period benefit. While we are pleased that

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2 the vast majority of NFPs renew their exemptions
3 through this process, it is also important to point
4 out that many of the non-responders have their
5 exemptions renewed during the tax lien sale process.
6 To further support our service to NFPs, DOF is
7 looking into other mechanisms that could grant an
8 exemption for non-responders that would have been
9 eligible on the taxable status date up to the three
10 preceding years. In addition, in October 2018, DOF
11 launched our NFP Task Force to hear from advocates
12 and NFP representatives about the challenges they
13 face when applying for or renewing any city
14 exemption. The Task Force meets about three times a
15 year and we are pleased that the Department of
16 Environmental Protection, DEP, the Mayor's Office of
17 Contract Services, MOCS, the Department of Buildings,
18 DOB, and Council Finance staff have joined us for
19 these meetings. One of the recommendations and
20 concrete outcomes from this task force is a draft NFP
21 brochure for those seeking to apply for a DOF NFP
22 exemption. Intro 245-A relates to NFPs and the DOF
23 tax lien sale process. DOF broadly supports 245-A
24 which aligns with our efforts to improve the customer
25 service and flexibility of the tax lien sale process

1 and codifies existing DOF practices. DOF also is
2 asking the Council to make some minor changes to the
3 bill. State law exempts NFPs from paying property
4 taxes if they annually confirm their not for profit
5 status and show that they are using their property
6 for an exempt purpose. In recent years, DOF has made
7 great efforts to make the NFP exemption process as
8 easy as possible. DOF realizes that many NFPs are
9 small organizations staffed with part-time and/or
10 volunteer workers that may find the exemption process
11 challenging; especially when there has been turnover
12 in the NFP's leadership. That is why we established
13 the previously described NFP portal, why we sponsor
14 about 100 community outreach events a year, and why
15 we launched our NFP Task Force. However, DOF
16 recognizes that for the small number of NFPs that
17 fail to renew their exemptions and wind up in the tax
18 lien sale process, special attention is needed. That
19 is why DOF's current practice is to remove an NFP
20 from the tax lien sale at risk pool if it has
21 received a previous exemption and submits an
22 exemption for the current year that is substantially
23 complete. Intro 245-A creates a not for profit
24 ombudsperson position within DOF, excludes properties
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from the tax lien sale if their owner has received a not for profit exemption in one of the two previous fiscal years, removes properties from the tax lien sale at-risk pool if they have made a good faith NFP application, and requires information on how to avoid having one's tax lien sold in NFP exemption denial letters. The ombudsperson position is aligned with DOF's creation of the Taxpayer Advocate's Office, which already has been handling these types of issues that 245-A highlights as needing an ombudsperson. DOF already excludes properties from the tax lien sale if the owner has received an NFP exemption in the prior fiscal year and is amenable to also looking at the prior fiscal year before that in making this determination. DOF also currently removes properties from the tax lien sale at risk pool if the owner has filed a good faith renewal application. And DOF agrees it is a good idea for NFP exemption denial letters to contain comprehensive information relating to the tax lien sale. DOF is proposing some minor changes to the bill to the Council. These include limiting the good faith application provision to organizations that have previously obtained an NFP exemption, authorizing DOF to include a property with

1 information requirements and standards. Some NFPs
2 qualify for DOF exemptions, but not for DEP
3 exemptions. Requiring all applicants to apply for
4 both through a combined application would create more
5 of a burden for NFPs that only qualify for a DOF
6 exemption. This burden would be felt during the
7 initial application process and during the annual
8 renewal processes. Also, the DOF process is run
9 annually whereas the DEP process is conducted every
10 other year. A combined form would likely lead to NFPs
11 submitting information to DEP when it was not
12 required. DEP and DOF are committed to improving the
13 application process and we are happy to work with the
14 Council to do so. Intro 1799, this legislation
15 requires the Department of Finance to create and
16 publish an informational brochure with information
17 that would be useful to NFPs including information
18 about relevant taxes and exemption. DOF supports this
19 legislation and already has made significant progress
20 in this area. As a part of the DOF NFP Taskforce, DOF
21 has recently completed the final draft of the
22 brochure on NFP exemption. A copy of the draft is
23 attached to this testimony. In addition, DOF has
24 property tax guides that include information about
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the notice of property value, the assessment process, exemptions and abatements, and how to appeal an exemption. DOF is currently updating these documents and is happy to consider including additional information relating to NFP, NFPs that is suggested by the Council. We would like to note that assessments do not change if a property is owned by an NFP; rather the NFP can apply for an exemption from real property taxes or water meter taxes for their property. Intro 1784, as mentioned earlier, our colleague, Jennifer Geiling from the Mayor's Office of Contract Services will testify on this legislation. Thank you for the opportunity to testify this afternoon. We are happy to answer any questions you may have.

CHAIRPERSON DROMM: Okay, thank you, next.

JENNIFER GEILING: Good afternoon Chair Dromm, Chair Cabrera and members of the City Council Finance Committee and Governmental Operations Committee, also good afternoon Chair Kallos of the Contracts Committee. My name is Jennifer Geiling and I am the Deputy Director for Policy and Partnerships at the Mayor's Office of Contract Services, MOCS and

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2 the Executive Director of the Nonprofit Resiliency
3 Committee, NRC. I am joining the Department of
4 Finance today to share how the administration is
5 partnering with and supporting the city's critical
6 health and human service, HHS nonprofit
7 organizations. This administration deeply values the
8 role that nonprofits play in delivering vital
9 services to our city's communities including our most
10 vulnerable populations. As our PowerPoint indicates,
11 if we can get this to work here... sorry, please bear
12 with me. As our power point indicates here there is
13 no question that the health and wellbeing of our city
14 is directly tied to the health and wellbeing of our
15 nonprofits. In recognition of the significant
16 partnership, the administration launched the NRC in
17 September 2016 as a centralized body to hear directly
18 from nonprofits about operational challenges and then
19 to design and implement sector wide solutions with
20 and for those same partners. As I will share in this
21 testimony Intro 1784 captures the spirit and the work
22 of the NRC. As such we support institutionalizing the
23 NRC and look forward to working with you and our
24 partners to define the right structure to continue
25 this meaningful work. We appreciate the flexibility

1 of unpacking difficult and longstanding problems,
2 identifying opportunities for mutually beneficial
3 change and rebuilding policies and practices that can
4 be effectively implemented and maintained. By
5 inviting nonprofits to codesign the solutions to
6 their challenges we create reforms that make sense
7 and can be successfully adopted. This is a flagship
8 model of partnership that is enabled through
9 nurturing honest and transparent conversations and
10 building trust and understanding. Through this open
11 and committed dialogue we have completed a range of
12 projects that support our diverse sector and make it
13 easier to do business with the city of New York.
14 Initiatives are identified by providers and target
15 opportunities to streamline administrative practices,
16 collaborate on program design and build
17 organizational financial strength. We are accountable
18 to the sector and cultivate transparency and
19 accessibility through publicly sharing our activities
20 and adopted reforms on our website at NYC dot gov
21 backslash NRC. As you can see the accomplishments, we
22 highlight reflect years of hard work to get the
23 details of each initiative right and hundreds of
24 meetings to ensure we are hearing each other and
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developing relevant tools and policies that benefit the sector. After years of collaboration we now have a body of work we can all be proud of and providers are experiencing legitimate relief in many areas. That said the initiatives that gather the most attention are those that focus on fiscal reforms, funding, more flexibility with funding and receiving funding earlier. I'd like to highlight four significant achievements in this area which in fiscal year 2020, FY '20 have come together to significantly strengthen the business environment for the city's HHS nonprofit sector. First, FY '20 saw the city's successful implementation of the NRC's policy for timely contract registration. This fiscal year more than 80 percent of July 1st HHS contracts were ready for registration on time across our HHS agencies. Let me underscore this statement, this fiscal year more than 80 percent of July 1st HHS contracts were ready for registration on time across our HHS agencies. As you know late registration is a longstanding pain point for this sector, this accomplishment was a breakthrough initiative with critical financial implications targeting cash flow and greater liquidity. Established through an NRC working group

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city agencies and nonprofit providers codesigned the registration process to initiate document collection and review earlier in the fiscal year and leverage HHS accelerator technology to streamline practices. We centralized communications through HHS accelerator document vault, consolidated practices and reduced duplication. The net result was more than 80 percent of July 1st HHS contracts ready for registration on time across our HHS agencies. Just this month city agencies launched the FY '21 registration process using the same model. Next year we expect even stronger results further increasing the number of contracts ready for FY '21 registration on time. Timely registration enables providers to maximize a second NRC policy of 25 percent advances on all HHS annual budgets. For FY '20 this means that the city paid nonprofits nearly one billion dollars in advance payments in the first quarter of the fiscal year. For those who are unfamiliar with this issue, as a result of the NRC's work nonprofits now receive up front dollars to cover start up and future expenses and maintain steady cash flow. NRC policies further enable nonprofits financial management and planning through digital, centralized and standard contract

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management practices. In FY '20 budgeting, invoicing and advance payments all happen more simply and quickly with a third NRC accomplishment. Universal adoption of HHS accelerator financials, the city's electronic budgeting and invoicing platform for HHS contracts. This year for the first time over 90 percent of all eligible budgets are flowing through this digital system, providers now have the transparency and consistency they have long requested. Finally, the city established a standardized policy on indirect cost rates through the HHS cost policy and procedure manual, the cost manual. The cost manual was developed through the NRC and forms a foundation of a monumental commitment by the city council and the administration to fund indirect cost rates effective this fiscal year. There are numerous other accomplishments including guidebooks on best practices for program development and RFP design, work that was co-chaired by NYC opportunity, a founding leader of the NRC. Streamlining subcontracting processes to enable greater accessibility for small nonprofits and revising the standard human service contracts to create a more equitable partnership. Our work is

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applicable across all HHS contracts regardless of the contracting agency impacting nearly seven billion dollars and more than 3,000 contracts annually. I'm happy to discuss these initiatives during our question and answer period and invite you to review our work at NYC dot gov backlash NRC. While there is still more work to be done the robust and fruitful collaboration between the administration and the nonprofit sector through the NRC is helping to establish a more supportive and sustainable operating environment for our critical HHS providers. And the work has been continuous since we launched ongoing even as we sit here today. current NRC work groups are focused on enhancing equity and access for community-based organizations integrating a justice informed lens into programs and services and expanding the guides to collaborative communication and standardized audits. Because of our rapid deployment of policy reform small, medium and large nonprofit organizations are already feeling shifts in their relationships with the city and greater financial stability. Under the current structure MOCS remains committed to fulfilling its NRC management role and will continue to launch new solutions like

1
2 the procurement and sourcing solutions portal,
3 passport which ensures a predictable and transparent
4 procurement experience. Intro 1784 captures the
5 spirit and the work of the NRC collaborating to
6 identify and solve operational challenges critical to
7 nonprofits, facilitating conversations between
8 agencies and providers and creating useful supports
9 and resources that empower nonprofit organizations in
10 their relationship with the city. We support
11 institutionalizing the NRC and look forward to
12 working with you and our partners to define the right
13 structure to continue this meaningful work. We
14 appreciate the flexibility provided by the current
15 draft of the legislation and I'm happy to take any
16 questions that you might have. Thank you.

17 CHAIRPERSON DROMM: Okay, good, thank you
18 very much. Let me just start off with a question Miss
19 Geiling, I hope I said your last name right.

20 JENNIFER GEILING: Geiling, yeah.

21 CHAIRPERSON DROMM: Geiling, okay..

22 JENNIFER GEILING: Yes, thank you.

23 CHAIRPERSON DROMM: In your testimony you
24 said that the registration is on time across the HHS
25 agencies, what does on time mean?

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COMMITTEE CLERK: Do you affirm that your testimony will be truthful to the best of your knowledge, information and belief?

TED OBERMAN: I do.

COMMITTEE CLERK: Thank you. Please state your name for the record.

TED OBERMAN: Theodore Oberman.

COMMITTEE CLERK: Thank you.

CHAIRPERSON DROMM: Okay, I'm sorry.

TED OBERMAN: Yes, there, there are no other... there are no other charges that would be exempt from the sanitation, DOB, ECB those would be required... those would be fees that the non for profit would have to pay if they were assessed those charges.

CHAIRPERSON DROMM: Can you provide the Council with a list of those organizations?

TED OBERMAN: We could, yes.

CHAIRPERSON DROMM: Okay, we'd like to have that. When the city sells a tax lien that is invalid, void or defective the Commissioner of finance may either buy the lien back from the lien sale trust subject to another lien for the invalid lien or a combination of the two. In the last five

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2 years how many liens has the city either had to buy
3 back or substitute?

4 JEFFREY SHEAR: I don't have those
5 figures with me but will provide them.

6 CHAIRPERSON DROMM: Okay. When the city
7 buys back a lien from the trust does it have to pay
8 more than the amount initially paid by the trust to
9 the city to purchase the lien in the first place if
10 so, how much?

11 JEFFREY SHEAR: So, it, it depends on how
12 far it's, it's gone, I don't... I, I would have to be
13 able... I don't have numbers with me, but we can
14 provide you with general guidelines.

15 CHAIRPERSON DROMM: And sometimes there
16 is interest charges on those lien sales that had to
17 be paid by the city?

18 JEFFREY SHEAR: I don't believe so.

19 CHAIRPERSON DROMM: If a non for profit
20 has not applied for or renewed a property tax
21 exemption even though it is eligible if it does
22 eventually file an application how many years back
23 can the exemption be applied?

24 TED OBERMAN: Well it, it depends... it
25 depends on when the property is purchased so real

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review that and if they're approved we would apply it retroactive to July 1st. We also let them file a renewal application the next year and if they're approved, we would... we would reinstate the, the current tax year which at, at this point would be 2021.

CHAIRPERSON DROMM: Okay.

ANDREW RETTIG: And if I could speak to DEP, the... [cross-talk]

CHAIRPERSON DROMM: Can you just state your name also... [cross-talk]

ANDREW RETTIG: I'm sorry, I'm Andrew Rettig, I'm the Chief of Revenue Protection at DEP. The revocation letter that would go to a not for profit stating that the... because of a failure to respond and recertify would lead to a revocation there is then a 30 day grace period even within that letter and then if shortly thereafter even if the property had then been revoked they then got the application in we would then just, just sort of waive any... you know if there was lets say one quarterly bill had come in we, we would... we would remove that so there, there is certainly...

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2 CHAIRPERSON DROMM: Do you know how many
3 non for profits fall off the, the exemptions... the
4 exemption role annually?

5 TED OBERMAN: For failure to renew or
6 for... because they're sold?

7 CHAIRPERSON DROMM: For failure to renew.

8 TED OBERMAN: So, the last two years it's
9 been under 100 each year, that's, that's out of about
10 13,000 renewals that we, we sent out so..

11 CHAIRPERSON DROMM: Okay. Have either DOF
12 or DE... DEP investigated what may be causing the
13 organizations to not maintain their exemption status
14 with the agencies? Do you have any idea of why that
15 happens?

16 ANDREW RETTIG: I, I can answer for DEP,
17 as... very close to 100 percent of the entities that
18 are... that have their exemptions revoked are revoked
19 for one of two reasons. One is that there is a
20 problem with the plumbing at the facility, they don't
21 have a meter, the, the plumb... the, the pipes are
22 illegal that needs to be fixed and the entity then
23 doesn't fix that condition which means they lose the
24 exemption. The other reason is residential spaces,
25 when we discover that there are apartments in these

1 facilities we are required to then revoke unless
2 those facilities... those apartments are separately
3 metered. So, it's for one of those two reasons and
4 it's as close to 100 percent of, of the reason as you
5 can get.
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7 CHAIRPERSON DROMM: And what about for
8 DOF?

9 TED OBERMAN: Well sometimes for, for
10 people who failed to renew it could be because
11 there's been a change in the administrator who
12 handles this, a lot of times these are very small
13 churches, the, the pastor dies or the person who was
14 in charge of it has moved on, it could be because the
15 property has been sold and the new owner is not aware
16 that there is a renewal and I, I, I really can't
17 answer the... that's the majority of the ones that
18 we've seen for the non-responders.

19 JEFFREY SHEAR: And I would just add that
20 sometimes the organization has ceased to operate and,
21 and frankly sometimes it's difficult for us to
22 discern whether we have simply been unable to get in
23 touch for the reasons that, that Ted has given,
24 there's been a change, a move but sometimes it, it
25 has ceased to operate, sometimes also there's a

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change in the use of the property so it, it isn't uncommon for a not for profit or religious organization for example to lease certain floors on the property or if they own the... a parking lot to have the parking lot commercially developed so the lot would no longer be eligible because it's not being used for an exempt purpose. So, it's a variety of those things and it's sometimes challenging for us because we are doing all this outreach, we're talking about the last one percent, sometimes we don't know the full story and we very much are anxious to, to find out what it is.

CHAIRPERSON DROMM: In, in what ways does DOF and DEP collaborate to conduct outreach to ensure that eligible organizations receive the benefits that they are entitled to?

TED OBERMAN: Do you want to answer? I'll go first. So, as part of the non for profit task force of which DEP is also a critical member we have started to on all of our approval letters indicate in, in, in language that the, the exemption is specifically for real estate taxes, it's not for DEP charge... any DEP charges and they should apply to DEP. In addition, on our renewal approvals which come out

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in June prior to the tax year we also have language to that effect, that's... that... and we also now receive or have been receiving on a sort of monthly or week... I think it's a weekly basis, I'm sorry, requests from DEP to determine if the property is tax exempt from the Department of Finance which is used in their criteria for evaluation.

ANDREW RETTIG: I, I would just add that there are also outreaches throughout the year either through not for profits or religious organizations sponsored by, by Council Members that are attended by both DEP and DOF to explain our different processes and, and how they... the applicants can complete the applications.

CHAIRPERSON DROMM: Do you work with other agencies like the FDNY or DOB to do outreach to these nonprofits?

TED OBERMAN: Yeah, I mean they're usually part of those same information sessions so...

JEFFREY SHEAR: Right and, and also part of our not for profit task force that we referenced.

CHAIRPERSON DROMM: Okay, so with, with regard to the task force the council appreciates that the Commissioner... that Commissioner Jiha recognized

2 the need for collaborative dialogue with not for
3 profit partners and created a task force, what
4 specifically led the Commissioner to convene the task
5 force?

6 JEFFREY SHEAR: I think it was out...
7 inquiries and concerns being expressed by the Council
8 and its staff and by advocates and representatives of
9 the non-for-profit community.

10 CHAIRPERSON DROMM: How often has the
11 task force... task force met and are there any
12 additional meetings planned for the... for the future?

13 JEFFREY SHEAR: The, the, the task force
14 has been meeting approximately three times a year and
15 we're planning to continue it indefinitely.

16 CHAIRPERSON DROMM: What were DOF's
17 biggest takeaways from the task force?

18 TED OBERMAN: Well one was to include
19 language on our approvals that... about the application
20 process for DEP, we thought that that was, was
21 critical...

22 JEFFREY SHEAR: I... frankly the, the big...
23 having a forum like that is really invaluable to us,
24 we are trying as best we can to reach out to all of
25 the not for profits, there is 13,000 of them, there

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are times when we, we don't reach every one, there are... as, as you know we have coordination issues with ourselves and other city agencies and the more quickly we get feedback from our customers and the not for profits are our customers the faster issues can be resolved so that to us is more important than any one particular issue just having that feedback built into the system is extremely important to us.

CHAIRPERSON DROMM: Are your forms or brochures available in other languages?

JEFFREY SHEAR: The, the brochure that I referenced in my testimony as... has not yet been distributed so as, as of now we only have a version in English, frankly we wanted to converse with the Council and, and get your input both in terms of content, distribution and publicity before we formally issue it.

CHAIRPERSON DROMM: Good and I... because you know there's a term on that literature that I didn't know what it meant actually, a certificate of ordination, what is that?

TED OBERMAN: For what's called a parsonage exemption which is covered under real property tax law section 462 which governs property

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of nonprofit services, it would serve as a liaison for nonprofit organizations in relation to city policies, procedures, regulations and benefits effecting the nonprofit sector. Where do you envision this office being housed and why?

JENNIFER GEILING: So, I think that the current structure of the NRC has been quite effective and produced results as are listed in the back of the testimony in our resource section and online and welcome the opportunity to discuss that with council what it might look like going forward in order to ensure that we maintain this body of work.

COUNCIL MEMBER LOUIS: And many nonprofit organizations contract with the city especially for service delivery purposes which are critical services, how does the office effectively act as a clearing house for contracting issues that may arise?

JENNIFER GEILING: So, one of our biggest areas of work is streamlining, streamlining administrative practices... [cross-talk]

COUNCIL MEMBER LOUIS: Uh-huh... [cross-talk]

JENNIFER GEILING: ...and the way... I'll, I'll just step back for a minute to explain the way

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that issues get addressed through the nonprofit resiliency committee, as providers come to the committee with their challenges, their concerns often times they are quite wide and broad and then we take those concerns and collectively identify how we might be able to tack, tackle them in an actionable way to come up with reforms, new practices, eliminate some practices to make it easier to do business so if there are contracting challenges or any other types of administrative concerns we'll take them and unravel them together and put it back together in a way that makes sense.

COUNCIL MEMBER LOUIS: Hopefully it will be effective, better than what it is now. Several informal organizations exist across the city that have been unable to take the necessary steps to incorporate whether due to resources, lack of information and language barriers, do you have an estimate on how many of those organizations currently exist?

JENNIFER GEILING: I'm sorry, I'm just having a little bit of trouble hear, hearing you but would you mind just repeating that again maybe it's the microphone?

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COUNCIL MEMBER LOUIS: Of course.. of course, do you have an, an estimate of how many organizations exist that tried to incorporate but could not?

JENNIFER GEILING: I don't... I don't have that information.

COUNCIL MEMBER LOUIS: You don't have... can you provide it at a later date?

JENNIFER GEILING: Of ones that tried to incorporate?

COUNCIL MEMBER LOUIS: Uh-huh.

JENNIFER GEILING: We don't have that information, I know one of the areas that we're focused on in the nonprofit resiliency committee is obtaining greater equity and access for small community-based organizations, it's a work group that's active right now... [cross-talk]

COUNCIL MEMBER LOUIS: Uh-huh... [cross-talk]

JENNIFER GEILING: ...and we're focused on trying to understand who out there is looking to do business with the city and how can we make it easier to do that. Also the Mayor's Office of Contract Services is getting ready to release another module

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for passport, the procurement and sourcing solutions portal and that technology platform is designed to make contracting with the city easier, more accessible, more transparent, clearer so there's a number of initiatives out there that are working on that exact topic.

COUNCIL MEMBER LOUIS: Okay, I look forward to working with you on that, thank you.

COUNCIL MEMBER CABRERA: Thank you so much. I, I first want to thank you for all the work that you have done, I have been working in little known nonprofit, gee, now 32 years and I've seen a vast difference when I first started to what we see nowadays in terms of accessibility to information, resources, where to find, who knows, who to do what which is... at the beginning it was like a maze I have to tell you and this is why this next question, I want more, more details in terms of where would the office for the non for profits office will be, will it be in MOCS or would it be... where exactly would it be and also how would it be different than the NRC?

JENNIFER GEILING: So the way the legislation is written it gives us a lot of options to discuss and I think we should along with our

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2 partners in the NRC effort and try to identify the
3 variety of ways that the NRC and its work can
4 continue into the future. There's, you know a number
5 of different iterations, it's working very well in
6 its current format so figuring out how do we ensure
7 that that continues, you know certainly we're all
8 committed through the administration but I think
9 we're here to talk about making sure it goes on past
10 this.

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COUNCIL MEMBER CABRERA: So, so help me...

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13 I'm trying to envision what it would look like, would
14 you get in... will you... where would the staff come from
15 that would... there would be... are there staff that you
16 have right now that you're using, there's other staff
17 you're going to use, are... and are you working with
18 other agencies, how... I'm trying to envision... I, I...
19 let's say I call in from a nonprofit, I want to meet
20 with somebody who am I meeting with, how many people
21 will be in that office, do... have you structuralized
22 and strategized what that would look like or is this
23 a working process?

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JENNIFER GEILING: So, I can describe to

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you what it looks like now... [cross-talk]

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2 JENNIFER GEILING: ...a work stream, DOP is
3 involved so, so this... the number of folks that are
4 involved with NRC initiatives is quite vast on the
5 city side as well as on the nonprofit side, we don't
6 just have nonprofit organizations but we have about a
7 dozen coalition and membership groups that are there
8 to represent all of the nonprofits that can't be in
9 the room, it's a distributed model that allows for a
10 lot of voices and perspectives and it allows for the
11 right people to be in the room when we're having, you
12 know the particular conversations that we're having
13 and so if, if an individual... if an organization calls
14 and I think that was the second part of your question
15 with a question or with a concern sometimes that's
16 something that we engage the nonprofit resiliency
17 committee around, we bring it into one of our work
18 group meetings, we invite the organization to
19 participate in the conversation, sometimes it's just
20 making the right connection with the right agency
21 and, and enabling that conversation to happen but
22 it's, it's across the whole city and it's
23 encompassing all the, the agencies and, and here at
24 city hall.

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COUNCIL MEMBER CABRERA: Maybe, maybe what I'm trying to figure out is when somebody calls in, right and let's say we have the office, would there be three staffers, four staffers that would be responsible all day long to make sure that, that all the connection and connecting the dots are taking place, is that what I'm looking at here or...

JENNIFER GEILING: I think that's the exciting part of the conversation, right... [cross-talk]

COUNCIL MEMBER CABRERA: Okay... [cross-talk]

JENNIFER GEILING: ...what's it going to look like...

COUNCIL MEMBER CABRERA: Great...

JENNIFER GEILING: Right like this is what we've got now, do we want to change it, what's it going to look like?

COUNCIL MEMBER CABRERA: Okay, I'm thinking in terms of our fiscal responsibility in terms of the office what would it cost if we keep it the way it is, how do we make it better, I'm sure we're always looking at how to... how to make it better and so let me... I, I meant to ask regarding the, the,

2 administration office that handles NFP and other
3 exemptions.

4 COUNCIL MEMBER CABRERA: I guess we have
5 to swear her in.

6 CHAIRPERSON DROMM: Yes.

7 COMMITTEE CLERK: Do you affirm that your
8 testimony will be truthful to the best of your
9 knowledge, information and belief?

10 JEAN CARUBIA: Yes.

11 COMMITTEE CLERK: Thank you.

12 JEAN CARUBIA: So, the taxable status
13 date is January 5th, that's the legal date by which
14 the Department of Finance has to have the assessed
15 values on for the coming tax year... [cross-talk]

16 COUNCIL MEMBER CABRERA: Uh-huh... [cross-
17 talk]

18 JEAN CARUBIA: ...and so in the
19 administrative code that is the date by which we
20 require the non for profit renewal forms to be
21 submitted however as you heard Ted Oberman say we do
22 give a courtesy extension which allows those non for
23 profits who haven't been able to file to submit.

24 COUNCIL MEMBER CABRERA: So, the, the
25 logical question that I'm... that will follow so, lets

2 say I... a nonprofit, right, house of worship purchase
3 a building in August would, would that be
4 retroactive, they, they make the application or will
5 they have to wait until the following January and do
6 they have to pay the taxes for that period of time?

7 JEAN CARUBIA: Well here's what happens
8 generally if they purchase the property lets say
9 August of this year and they submit an application
10 shortly thereafter and I'll call it an application
11 that is clean, we have all the identifying documents
12 that we need we can put the exemption on retroactive
13 to their purchase date and they will not have to file
14 a renewal for this renewal period because we've just
15 granted their exemption, they would have to file a
16 renewal for the following tax year.

17 COUNCIL MEMBER CABRERA: Is there a
18 situation with... is there a month where that wouldn't
19 happen, let's say November, I'm just trying to think
20 if there is a disadvantage if you apply anytime
21 during the year?

22 JEAN CARUBIA: There is no disadvantage...

23 COUNCIL MEMBER CABRERA: Okay...

24 JEAN CARUBIA: We renew... we, we accept
25 applications on a year round basis, we issue and

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grant exemptions on a year round basis and the way we create our pool of properties for renewal is to not send out a renewal to properties that have just received an exemption July or later in that year.

COUNCIL MEMBER CABRERA: This is a change of policy from many, many years ago, right, I think years ago if you didn't apply by a certain time you kind of were stuck with the tax bill, I'm talking about many years ago like 15, 20.

JEAN CARUBIA: Oh, I can't respond to that, that many years ago... [cross-talk]

COUNCIL MEMBER CABRERA: Yeah, it was... and I see some hand... nodding and I remember, it was a very scary time, it was a scary time because you know you could purchase a building and you could easily pay 70,000 dollars and that could literally bring a nonprofit down just the first year when you have so many startups, when you're just getting barely started, you purchase a building, you always have unexpected bills, things that you didn't budget for so I'm, I'm... really doing right now is commending you all for the change, whoever changed it whenever they changed it.

2 JEFFREY SHEAR: Right. So, so our goal is
3 not to penalize not for profits and so even with the,
4 the deadlines that my colleagues have explained
5 during the tax lien sale process if not for profits
6 come forward at that time we will grant the exemption
7 as well because our goal is not to sell the tax lien,
8 our goal is not to give a bill, our goal is to get
9 the information that's needed so we can grant the
10 exemption, that, that is our priority, it is not to
11 issue penalties of any type.

12 COUNCIL MEMBER CABRERA: And what's the
13 policy if you have a nonprofit and you want to rent
14 to another... a nonprofit let's say during the day,
15 what's the current policy for that?

16 JEAN CARUBIA: It is possible for a not
17 for profit to rent to another not for profit, but we
18 will ask for documentation, the same documentation
19 that we ask for from the owning non for profit..
20 [cross-talk]

21 COUNCIL MEMBER CABRERA: Uh-huh... [cross-
22 talk]

23 JEAN CARUBIA: ...and if that entity itself
24 qualifies in its own right as if they own the
25 property we will or we can grant them an exemption

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of the property but we're likely to grant it a full exemption as of the date that the tenant vacated.

COUNCIL MEMBER CABRERA: That's very, very helpful and last question regarding... getting back to the office for nonprofit, do you foresee... this is a place that people could actually walk in and receive services or would this be only over the phone, are we talking about a website, how are people going to get their resources, how do our... nonprofits are going to learn about the fact that this office actually exists?

JENNIFER GEILING: That's what we would talk about, right, it sounds like you have a list of starting questions that we would talk about with our partners and, you know understand what we're doing today and if, if there, you know is opportunity or interest in doing things different in the future.

COUNCIL MEMBER CABRERA: Okay, so it's the starting block, one... and last question, what other resources would this office require in order to effectively be able to connect with city agencies as prescribed in Intro 1784?

JENNIFER GEILING: Again, we're effectively connecting providers with agencies now so

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JENNIFER GEILING: So, the working groups identify how they're going to curtate a broad challenge, a conceptual issue and break it down into a tangible project with measurable goals for implementation, create a policy document around implementation, bring it to the full committee for review and approval, if it's approved by the full committee of nonprofit organizations and the NRC we then move to implementation. Because the policies and practices are codesigned with city agencies and nonprofits they... what... by the time they come to approvals status they've taken into account the considerations on the ground for both parties and they make a lot of sense for implementation and so we, we work together to try to understand why agencies are, are engaged in activities the way that they are, what that feels like on the ground for nonprofits, sharing ways that we might improve or change and then collectively coming together to write what that looks like.

CHAIRPERSON DROMM: What would be some of the challenges that the nonprofits continue to face?

JENNIFER GEILING: I think... you know there's a lot... I mean there's still a lot of work to

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2 be done, right, we've accomplished a lot but by no
3 means is this... representation of like work is done,
4 everything is, you know peachy king, scrumptious, you
5 know whatever adjective you want to use. Some of the
6 key priorities that we hear from nonprofits right now
7 is, you know we did a, a very effective job of
8 registering contracts on time for July 1st start
9 dates, let's, let's do that again for FY '21 and you
10 know we're putting it on ourselves to even do better
11 than what we accomplished last year in our pilot
12 year, passport is a big initiative for the sector,
13 it's a citywide system that's going to impact the way
14 that we do business with vendors across all sectors
15 but for nonprofits its going to provide that
16 transparency that they don't have, it's going to
17 provide that roadmap to registration that they
18 currently don't have readily accessible to them, it
19 facilitates conversations inside of a system in real
20 time so that's another key priority for the sector
21 and then they continue to come to us with additional
22 ones. As I mentioned before we're working on creating
23 greater access and equity for those small nonprofits
24 understanding who they are and how we can bring them
25 into contracting if that's what they're interested in

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doing and growing their businesses, also trying to understand how we might incorporate issues around justice involved communities into our programs and services.

CHAIRPERSON DROMM: Commissioner Shear, in terms of organizations that might rent from the church on an hourly basis is that factored into the equation of whether the property is being used to raise money or is there... is there a... what... I guess a threshold you have to go over or is that not looked at or how do... how do you deal with that?

JEFFREY SHEAR: Well I think that the general threshold is whether the owning organization is making a profit off of the lease but I'm going to let Miss Carubia expand on that.

CHAIRPERSON DROMM: I would assume in most cases they're probably losing money.

JEAN CARUBIA: I'm not aware of any organization that rents from a non for profit on an hourly basis... [cross-talk]

CHAIRPERSON DROMM: Like a church or a... you know they rent it out to a community-based organization.

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JEAN CARUBIA: Often when we've seen houses of worship say that they have something like, you know alcoholics anonymous... [cross-talk]

CHAIRPERSON DROMM: Uh-huh... [cross-talk]

JEAN CARUBIA: ...there were some other group, if the money is what is known as de minimis we're not going to reduce their exemption.

CHAIRPERSON DROMM: Okay, that's, that's what I wanted to know, thank you. Okay, thank you and we have questions now from Council Member Gjonaj followed by Council Member Rosenthal.

COUNCIL MEMBER GJONAJ: Thank you Chairs. Department of Finance created a non for profit task force which aimed to connect non for profit property owners with local government resources addressing issues related to the property tax exemptions, tax.. lien sales, water and sewer, DEP, DOB exemptions and the FDNY imposed charges, if a task force has already been created in 2018 and has reasonable success why should a formal office be created?

JEFFREY SHEAR: Alright, so I, I think that question is both for me and for Miss Geiling. So, the, the office relates to Intro 1784 which I think relates to the, the contracting issues that

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have been discussed today, the task force that the

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Department of Finance has set up with our sister

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agencies relates primarily to tax and water and sewer

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charges and, and delinquencies resulting from that so

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it's really two separate efforts. I don't know if, if

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Jennifer wants to add to that.

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JENNIFER GEILING: Yeah, just two

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additional points. So, so first the nonprofit

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resiliency committee, a lot of the work that we do

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translates into reforms in the contracting process

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but it is not established as an office or a center

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for contracting reforms, it's a center for

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centralized conversations with the city and

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nonprofits in order to take sector wide action which

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as I mentioned before it does translate many times

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into contract based actions but it's, it's across the

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board programmatic as well as, you know the contract

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is the basis of the relationship between the city and

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the, the nonprofit. And then the second thing if I

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may is the NRC is designed to collaborate across all

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city agencies and our initiatives flow through to all

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city agencies and so we collaborate with DOF, we're

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continuing our conversations how we can support one

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GOVERNMENTAL OPERATIONS

another in the work that we're pursuing on behalf of nonprofits.

COUNCIL MEMBER GJONAJ: Thank you but I want to stay focused a bit on the task force, is that okay?

JENNIFER GEILING: Yeah.

COUNCIL MEMBER GJONAJ: So, it, it...
[cross-talk]

JEFFREY SHEAR: Yes, it's okay.

COUNCIL MEMBER GJONAJ: The, the report does not include statistical evidence that the task force is not sufficient to meet the needs instead of creating this office, am I correct?

JEFFREY SHEAR: I'm sorry, I'm not sure which report you are alluding to.

COUNCIL MEMBER GJONAJ: My understanding there was a, a report that was issued based on the findings of the task force and it didn't indicate that the task force wasn't sufficient and that it required an office dedicated, that there is no evidence that we would need a specific office versus a continued task force that will address and assess the needs and intergovernmental agencies working with non for profits.

COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON

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JEFFREY SHEAR: The, the non-for-profit task force that is hosted by DOF has not issued a, a report, so, so I'm just... I'm...

COUNCIL MEMBER GJONAJ: I thought there was... in 2018 there was a requirement that a report be issued by a task force on its findings, am I wrong here?

JEFFREY SHEAR: I, I, I'm not aware of that. We, we established the task force in 2018... [cross-talk]

COUNCIL MEMBER GJONAJ: Uh-huh... [cross-talk]

JEFFREY SHEAR: ...I'm not aware of us having issued the report, the one thing that I did testify to was that we drafted a brochure relating to tax lien sale and exemptions but I'm not aware of our having issued a formal report.

COUNCIL MEMBER GJONAJ: And maybe... Chairman, maybe that's what we should be looking for, asking for a report from the task force on its findings as we determine the future of... the future needs of our not for profits. I'll... thank you for that, I think maybe there was a misunderstanding between the guide that you proposed and the report

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and there was no mention in the report of a need for an office or that the task force wasn't sufficient to meet the needs and assessments of non for profits.

JEFFREY SHEAR: You know we're... I'm happy to sit down with, with you and, and your staff to... so that we can get to the bottom of the, the misunderstanding.

COUNCIL MEMBER GJONAJ: Thank you. So, policy proposes all levels of government threaten work of all non for profits, policy makers including this administration, your departments and various agencies whether intentionally or unintentionally take away the needed resources imposed unnecessarily, unnecessary burdens and its appeal to decision making creating harmful barriers and changes and changes and laws in ways that disrupt the work of these charitable non for profits, arguably and I heard you say that we're not looking to penalize, we're not looking to punish our non for profits but arguably shouldn't the same arguments be made for small businesses in New York City, shouldn't we actually be striving not to penalize, not to harm or punish but actually work with non for profits and for profit entities so they can continue to thrive?

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2 JEFFREY SHEAR: In general, I, I would
3 say yes and my, my colleagues at the Department of
4 Small Business Services aren't here today so I think
5 they, they would be best placed to respond to those
6 concerns.

7 COUNCIL MEMBER GJONAJ: But I would
8 imagine that would be a mission for this
9 administration and all of our agencies and
10 departments to say for the balance and future of New
11 York City we should be looking at this in a holistic
12 view where all entities whether they are non for
13 profit or for profit.

14 JEFFREY SHEAR: I believe that's the
15 mission of the Department of Small Business Services.

16 COUNCIL MEMBER GJONAJ: So, then is it
17 fair as Small Business Chair I would imagine it would
18 be appropriate for me to ask that question for my
19 struggling small businesses, the microbusinesses, the
20 mom and pops, why should non for profits be exempt or
21 treated any differently from small businesses when it
22 comes to communications, when it comes to striving to
23 improve the environment or any legislation or policy
24 that undermines their very existence.

COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON
1 GOVERNMENTAL OPERATIONS 70

2 JEFFREY SHEAR: We believe in clear
3 communication to small and large businesses; we
4 believe that's very important in our role at the
5 Department of Finance.

6 COUNCIL MEMBER GJONAJ: Would you be
7 surprised that the way that many of our small
8 businesses or big businesses find out about
9 legislation and policy is when they are in violation?

10 JEFFREY SHEAR: I, I think that we are
11 willing to have a conversation with you about the
12 issues that they're having.

13 COUNCIL MEMBER GJONAJ: New York City
14 currently has 6,000 rules and regulations which for
15 profit and non for profit must comply with, there is
16 no easy to read, no transparent or easy to follow in
17 any other language which is also a need for our
18 businesses or non for profits to be able to
19 understand the rules and regulations that they're
20 supposed to adhere with and the only way they find
21 out is when someone issues normally in the form of a
22 pink little piece of paper that says you're in
23 violation please pay, it doesn't work, it doesn't
24 work for the for the profit or the non for profit and
25 it's just not the communications, its 6,000 rules and

2 regulations, attorneys have a hard time understanding
3 these rules and regulations and the compliance, how
4 can non for profits. The same agencies that are now
5 working to meet the needs of these non for profits
6 and assist them are the same agencies that don't
7 understand the rules and regulations and their
8 various interpretations from inspector to inspector.
9 So, I commend you on striving for better
10 communications but within a city that overregulates
11 and whether intentionally or unintentionally punishes
12 and penalizes everyone across the board is
13 undermining the very existence of those that we
14 really want to help and that are doing gods work and
15 that is our non for profits and we can't take the for
16 profit part of it out of the equation. Thank you.

17 CHAIRPERSON DROMM: I'd just like to say
18 that I think one difference here is that the small
19 businesses do have the small business services but
20 the nonprofits don't have that resource available so
21 I think that Council Member Louis's legislation is
22 trying to address that concern.

23 COUNCIL MEMBER GJONAJ: Thank you
24 Chairman but SBS tries to do... and address the needs
25 of small businesses but they then too are baffled and

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2 it's the infractions, it's the policies, it's the
3 legislations, the former taxation that undermines
4 their very existence so if SBS can't do it I assure
5 you whatever office we come up with for the non for
6 profit will have the same hurdles and obstacles and
7 challenges ahead of themselves and rather than have
8 two separate offices, one for small businesses and
9 one for non for profits because the mission is the
10 same, we can have one office.. [cross-talk]

11 JEFFREY SHEAR: Uh-huh... [cross-talk]

12 COUNCIL MEMBER GJONAJ: ...as the resource.

13 CHAIRPERSON DROMM: Okay, thank you.

14 Alright, now I want to say we have been joined by
15 Council Members Rosenthal and Rodriguez and Council
16 Member Rosenthal has questions.

17 COUNCIL MEMBER ROSENTHAL: Thank you so
18 much, it's great to see the team, I'm so pleased to
19 hear that you're heading up the nonprofit resiliency
20 committee, it really makes a lot of sense and it's
21 great and you've done amazing work over the last few
22 years. I just... I want to check a couple of things
23 just to get a pulse. Eighty percent... talking first
24 about timely registration, what's the statistics, so
25 it was July 1st, 2019 80 percent were registered?

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flow, okay, so what does that mean and how do we make change and the providers said one area that would be very helpful with cash flow is to have a consistent standard policy for advances.

COUNCIL MEMBER ROSENTHAL: Yep.

JENNIFER GEILING: So, okay, what does that look like, what are you experiencing on the ground, this is what I have with agency A, this is what I have with agency B, program C doesn't even have advances at all, this is what's happening in other municipalities like our research even goes beyond the city of New York... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Uh-huh...

[cross-talk]

JENNIFER GEILING: ...and providers designed this policy and the administration accepted the recommendation and adopted it. What's really amazing about FY '20 why, why the slide say it's a breakthrough is that while the advances have been around for a few years they were certainly maximized with timely registration because as you mentioned they come into play when the contracts are registered so if they're registered on time you're getting those advances at the start of the fiscal year.

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1 GOVERNMENTAL OPERATIONS 76

2 COUNCIL MEMBER ROSENTHAL: Right. So, so
3 this is only for like a three-year contract, right?

4 JENNIFER GEILING: No, the advances?

5 COUNCIL MEMBER ROSENTHAL: Yeah.

6 JENNIFER GEILING: No.

7 COUNCIL MEMBER ROSENTHAL: Oh, sorry,
8 recurring multiple year contract?

9 JENNIFER GEILING: Yes, every year you're
10 entitled to at least a 25 percent advance.

11 COUNCIL MEMBER ROSENTHAL: If one of the
12 nonprofits has a contract with the Department of
13 Aging to run senior centers for three years and then
14 it gets renewed three years later and renewed three
15 years later does their contract have to be registered
16 every year?

17 JENNIFER GEILING: No, they... its
18 registered in that first year.

19 COUNCIL MEMBER ROSENTHAL: Yep... [cross-
20 talk]

21 JENNIFER GEILING: ...and then in the
22 second year they have a budget that's approved, and
23 they get their second advance for that year... [cross-
24 talk]

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COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON

1 GOVERNMENTAL OPERATIONS 77

2 COUNCIL MEMBER ROSENTHAL: Yes, that's
3 what I was getting at... [cross-talk]

4 JENNIFER GEILING: ...and the third one,
5 yeah, they have another 25 percent advance on their
6 annual budget.

7 COUNCIL MEMBER ROSENTHAL: That's right
8 and then the following year?

9 JENNIFER GEILING: Same thing, they, you
10 know go... whatever the renewal process is once its
11 registered 25 percent advance, 25 percent advance, 25
12 percent in advance.

13 COUNCIL MEMBER ROSENTHAL: That's great.
14 What's the timing, we just negotiated the indirect
15 rate, I know this is not exactly on topic but, we
16 just negotiated the indirect rate, do you have a
17 sense of whether or not any additional funds will be
18 in the November modification or the preliminary plan?

19 JENNIFER GEILING: I don't have that
20 information.

21 COUNCIL MEMBER ROSENTHAL: Okay and then
22 just checking on passport, you've implemented phases
23 one and two, is that correct?

24 JENNIFER GEILING: Correct.

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but happy to have conversations with you about...

[cross-talk]

COUNCIL MEMBER ROSENTHAL: Only curious,
I mean currently do nonprofits have to register on
both passport and accelerator?

JENNIFER GEILING: It depends on the
scenarios and happy to meet with you with our team
that's... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Okay... [cross-
talk]

JENNIFER GEILING: ...you know more
intimately involved with passport.

COUNCIL MEMBER ROSENTHAL: Thanks, and
congratulations again, I know this was a really big
effort.

JENNIFER GEILING: Thank you.

COUNCIL MEMBER ROSENTHAL: Thank you.

JENNIFER GEILING: Thank you.

CHAIRPERSON DROMM: Okay, Chair Cabrera.

COUNCIL MEMBER CABRERA: Quick question,
just so I could wrap up regarding Intro 1784, is
there any edits that you see that we need to do on
the bill and is it broad enough?

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JENNIFER GEILING: So, I think that

there's room for conversation so I think we should, you know have the conversations about what NRC or... NRC might look like, the work that we're doing into the future so... [cross-talk]

COUNCIL MEMBER CABRERA: But in regards

to the bill, you know because if it's broad enough then you could have one of the bills passed, you could have that level of conversation, it's, it's... but in terms of the bill is there anything there that concerns you, anything that you see that we need to edit, is it broad enough to make sure that we cover all the bases?

JENNIFER GEILING: Yeah, so again looking

forward to having the conversations with our partners, with council.

COUNCIL MEMBER CABRERA: Okay, thank you

so much.

CHAIRPERSON DROMM: Okay and I only have

a couple more as well. Proposed Intro 245-A would require DOF to designate an individual to serve as the ombudsperson for the non for profit property owners and respond to inquiries related to property tax exemptions, denial, termination or revocations of

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2 the payment centers, they will take customer
3 inquiries and call us up while someone is right at
4 the desk when we can answer questions we will and
5 when they get our applications for new exemptions
6 they forward them on to us so we have a very good
7 relationship with our external units or our customer...
8 our business centers, they pretty much know what to
9 do but 3-1-1, our web mailbox gets lots of traffic
10 and we respond to that.

11 CHAIRPERSON DROMM: Okay and can you
12 describe the role and responsibilities of the
13 ombudsperson, persons currently at DOF including
14 SCRIE and DRIE ombudspersons?

15 JEFFREY SHEAR: SCRIE and DRIE... you want...

16 JEAN CARUBIA: SCRIE and DRIE are... while
17 I work with commercial exemptions I know that the
18 SCRIE and DRIE ombudsperson on the personal side of
19 the house tries to make in roads with organizations
20 especially for SCRIE and DRIE to put the word out
21 there that the... there are these benefits that many
22 renters probably or may be unaware of so they do
23 community outreach, they go to senior centers and
24 places like that and provide assistance with even
25 completing the application.

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JEFFREY SHEAR: And, and I would.. the other positions I'm aware of in DOF as I mentioned we have the office of the tax payer advocate, we have a newly created office, parking summons advocate and we do have a tax lien sale ombudsperson who's appointed within the collections division again to sort of be the place to come to for people who feel like they're falling between the cracks.

CHAIRPERSON DROMM: Okay, okay and finally let me just say.. ask which, which city agency or office is responsible for updating the content on New York City nonprofit?

JENNIFER GEILING: Sorry, historically the Mayor's Office of Contract Services has managed the NYC dot gov nonprofit's website and we have input and partnership with our city agencies.

CHAIRPERSON DROMM: Okay, from what I understand the New York City nonprofit doesn't currently have any information on property tax exemption or exemption for water and sewer charges, is that correct?

JENNIFER GEILING: I'm not familiar with that specifically but happy, you know to post additional information, we work with our city agency

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2 partners, we don't own the NYC nonprofit's webpage
3 but we, you know keep it updated and we take
4 information from our agency partners and enable it to
5 be part of the website.

6 CHAIRPERSON DROMM: Okay and we'd like to
7 work with you further on that. And is this website
8 intended to be a comprehensive resource for
9 nonprofits who would like to engage with the city?

10 JENNIFER GEILING: So, the website is
11 designed to provide resources for both providers that
12 currently do business with the city and for those who
13 are interested in doing business with the city so we
14 provide information and we try to identify sort of
15 which road you might go down through the tabs along
16 the top.

17 CHAIRPERSON DROMM: Okay, thank you very
18 much, I think we're going to end here with the
19 administration and we're going to call up our
20 advocates now. Thank you for coming in and for giving
21 testimony.

22 JEFFREY SHEAR: Thank you very much.

23 CHAIRPERSON DROMM: Thank you.

24 JENNIFER GEILING: Thank you as well.
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CHAIRPERSON DROMM: So, we have three panels and we're going to limit our speakers to about three minutes each. First up will be Paula Segal, Take Root Justice; Yassier Selim from Almanir... Almanir Foundation; Mara Kravitz, Protect our Places Coalition and Marcia Eisenberg from the Jewish Community Relations Council of New York.

[off mic dialogue]

PAULA SEGAL: Chairpersons good afternoon. Before my time actually starts, I just want to point out that I am a member of the not for profit task force which was created in direct response to request... [cross-talk]

CHAIRPERSON DROMM: What's, what's your name?

PAULA SEGAL: I'm sorry, Paula Segal, Take Root Justice. The not for profit task force is something that the agency has voluntarily created and voluntarily convenes whenever it feels like, the last meeting was in January of 2019, it is now mid-November 2019, I have not been invited to another meeting though I agree that the conversations that happen in that room are useful because they tip the agency off to things like you should send your

2 notices in a colored envelop instead of a white one
3 and we're really glad to give them good ideas that
4 does not change the big picture which is that the
5 risk for organizations for mistakes that the agency
6 or organization administrators make or guests in our
7 communities is immense, the risk if you don't open
8 that white envelop is that a lien will be put on your
9 property and sold to a Wall Street investor who can
10 foreclose on the church and sell it to anybody with a
11 clean deed. I don't care if it's one percent of
12 properties, this year the department sold liens like
13 that on 50 properties that E.A.T. itself has granted
14 exemptions for in the past five years where there has
15 been no change in the owner so I don't know... there...
16 it... that risk is just too great, that's 50 properties
17 too many. You heard... I, I wrote something very nice...

18 [cross-talk]

19 CHAIRPERSON DROMM: Just to get to...

20 [cross-talk]

21 PAULA SEGAL: ...right here and you have
22 it... [cross-talk]

23 CHAIRPERSON DROMM: ...just... [cross-talk]

24 PAULA SEGAL: ...in front of you about
25 Deputy Commissioner Shear, I'm so angry because I

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feel like we just spent an hour talking about something that doesn't exist, the non for profit task force is not a thing that exists in law or practice, it's a nice thing but it's not a thing that we can rely on and we just went on an hour long detour pretending that that was something that actually happens... [cross-talk]

CHAIRPERSON DROMM: I wouldn't call it an hour-long detour...

PAULA SEGAL: Okay, but... [cross-talk]

CHAIRPERSON DROMM: ...we have... we have... [cross-talk]

PAULA SEGAL: ...I'm sorry I'm... I see that I'm on the clock so I'm going to try to get my points in and... [cross-talk]

CHAIRPERSON DROMM: Right, okay, I'll stop the clock for a second.

PAULA SEGAL: Thank you.

CHAIRPERSON DROMM: Alright, but we, we do have to extract from the administration that's our job as elected officials but we're here also to hear what your concerns are as well and I know that you have a number of concerns... [cross-talk]

PAULA SEGAL: Thank you... [cross-talk]

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CHAIRPERSON DROMM: ...so we're going to

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hear what you have to say also and then we will be

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communicating again with you.

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PAULA SEGAL: I really appreciate that,

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thank you. I feel a little better. So, it was

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frustrating to hear Deputy Commissioner Shear who has

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been a really good partner in all of this say things

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that are simply untrue under oath one of which he

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said that the Department is already taking properties

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out of the lien sale list that have had exemptions in

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the last two years. The list the department published

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of liens sold includes 16 such properties, that might

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be their plan for fiscal 20 but they didn't do it in

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19 so he can't sit here and tell you that is what

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they're already doing and there's no need for a bill

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to tell them to do that and it's just incredibly

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frustrating since I'm pulling information from their

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own website, I'm not even looking at organizations

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where the department has improperly denied an

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exemption and you'll hear from one of my clients in a

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moment but the other thing that Commissioner Shear

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suggested is that they were only willing to pull

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organizations from the lien sale list if they had

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previously had an exemption even if they were in the

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process of appealing a denial through the proper channels whether it's through refiling an application to the department or through the tax commission, that's nonsensical, right? You... if you're... if you've been denied and you're appealing you've never had an exemption before that's the point. So, them saying they're only willing to pull organizations from the lien sale list if they've already had an exemption in the past that makes no sense. There are also ways in which the passport system is being weaponized against organizations that own property. With the advent of passport organizations that are service providers do better to a leased property as opposed to own it because anytime they get into any kind of administrative morass with the Department of Finance that shows up in passport as though it's a credit rating system and then the folks at passport won't approve the contract registration unless the organization actually gives the Department of Finance money it doesn't owe. So, if any, anybody who's on the steps with us before this hearing saw a big check that we blew up because they're actually all refund checks of money that organizations have loaned to the administration because that was their only way

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2 forward to either stay out of the lien sale or to, to
3 pass the registration process with passport. I did
4 write down some things, you have them..

5 CHAIRPERSON DROMM: I got it right here.

6 PAULA SEGAL: Yep.

7 CHAIRPERSON DROMM: So, I'm going to move
8 my... [cross-talk]

9 PAULA SEGAL: Those are... those are my
10 immediate thoughts.

11 CHAIRPERSON DROMM: Okay, alright, thank
12 you for sharing that, I hear what you said, and we'll
13 look into that further and I know that you've been
14 communicating with Sebastian in my office as well,
15 okay... [cross-talk]

16 PAULA SEGAL: Thank you.

17 CHAIRPERSON DROMM: Good... [cross-talk]

18 PAULA SEGAL: Yep... [cross-talk]

19 CHAIRPERSON DROMM: ...alright, next
20 please.

21 MOHAMED SELIM: Hi, my name is Mohamed
22 Selim and I represent Almanir [sp?] Foundation which
23 is a non-for-profit religious organization in Queens.
24 First of all, I would like to thank all, all of you
25 to give me the opportunity to express my firsthand

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ordeal of going through the very difficult process of exemption. So, we purchased a property worth about a million dollars in 2010 and we shortly after that applied for the exemption. Our exemption was denied and you know we applied it again with... trying to fill up the, the... they had given to us, it was denied again and the third time again and the third time we never got a response back and it's very difficult to communicate, the 3-1-1 number doesn't give you enough information, if you go to the office you just are given the application again to fill it out, there isn't a, a... an advisory over there who will help you go through the procedure. The other thing is that the time when we were applying we still owed taxes and those were huge amounts of money, we did not have that amount to pay because we are engaged in providing religious, social and a lot of education and charity services to our community. Unfortunately in 2015 we got a letter that our property has been foreclosed, it was a very dramatic letter for all of us, we had no idea what to do because this million dollar property we were just going to lose it and this came from the hard working people of our community who made small donations so that we can

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establish this organization. You can just imagine

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losing a million dollars, how dramatic and how

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stressful it was for all of our management but

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fortunately we came across Miss Paula Segal and she,

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she helped us out and we presented the same

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documentation, nothing different but this time she

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was behind us and we were able to go through the

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procedure and again nothing different, the same

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documents and in that procedure we lost about 26,000

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dollars paying towards legal fees, hiring attorneys

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and whatnot and still after that we were not sure we,

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we would come out of the foreclosure. It is only when

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Miss Paula came on, onboard she helped us out through

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this ordeal. We got the 32,000 dollars which we had

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paid in taxes, but we never got the 26,000 dollars of

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legal charges which we had paid. So, I believe that

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this bill is very important, we should take a... into

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consideration, make the process easier for us, you

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know we are there to help the community and we

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request, request our government to be more

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cooperative with us.

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CHAIRPERSON DROMM: Okay, thank you very

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much, next please.

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MARA KRAVITZ: Hi there, I'm...

[off mic dialogue]

MARA KRAVITZ: Hello, better? Hi, I'm

Mara Kravitz, I'm with the Protect our Places

Coalition, we're a group of dozens of nonprofits,

community organizations that have been directly

impacted by the tax lien sale or that are umbrella

organizations for this group that have been impacted

by the sale. I've been supporting nonprofits that

have been stuck in this sale since 2016 and over the

years I've been... I've worked with gardeners and

community gardeners, people who are in houses of

worship, people who provide veteran resources, all

sorts of different groups watching them as they've

scrambled to pay off debt that they never should have

owed to the Department of Finance as they became

aware of, of paying off debt from, from private

collectors that were reaching out to them and then as

they've had to address the threat of foreclosure. So,

this is an issue that's been impacting groups on the

ground for years, it can't keep going on, it's been

wonderful to watch you all take action on it and to

watch the ways the Department of Finance has been

pressured by advocates to change the practices

towards it but the need for it is really imperative,

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GOVERNMENTAL OPERATIONS

it's a no brainer, nonprofits do not... should not be
paying property taxes and the... and the way it's been
handled is complicated and can be made much simpler
and much easier. So, I'm glad we're here today to
halt such an obviously wrong scheme and what seems
less obvious and one thing I wanted to bring up is
what happens when charity organizations no longer do
have the capacity to steward the... their real
properties that... their places. In general charity
owned assets, as you know they reflect years of
public investment through direct government funding
as well as through foundation support in which
private donors are provided governmental tax benefits
in exchange for the gifts that they make towards the
common good. So, it's really vital that these spaces...
that, that we do everything we can as a... as a
government to support these spaces so that they can
stay in, in common use for the common good beyond the
individual use of one charity. So, I... as... so, it's
very important that... especially given the, the
apparent scarcity of affordable community spaces in,
in our unbridled market, free market conditions in
New York City this is an incredible opportunity for
us to make sure that the public investment into these

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spaces is continued. So, moving forward considering how the current legislation can, can make sure that the new ombudsperson will be created and that will be created has to work with HPD and third party transfer or a similar program so when charity organizations no longer have the capacity to steward property residents in the city as a whole can benefit from a, a transfer to another responsible charity. Thank you.

CHAIRPERSON DROMM: Okay, thank you, next please.

MARCIA EISENBERG: Hi, my name is Marcia Eisenberg, thanks very much, I'm glad I'm here, I'm glad you're holding these hearings and I appreciate that the, the two committees are looking at this very seriously. I've been the General Counsel at the Jewish Community Relations Council and also run a program there called Legal Assistance for Jewish Organizations and I've been doing it for 33 years. I'm also on the same task force which hasn't met for a while, we don't know why but it was quite fruitful when we were meeting, and it was good. I have over the decades I've spend enormous amounts of time working with all kinds of nonprofits, religious organizations, schools, etcetera in the Jewish

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2 community and also there's the churches and the
3 mosques that I've worked with also. They've all had
4 the same problems dealing with the city and it works...
5 you know it's all the other fees and charges that
6 you've heard about already. The other thing is the
7 Department of Finance has also spent an enormous
8 amount of time working with all the different
9 organizations that have to deal with the application
10 and renewal process. There is an enormous amount of
11 time and energy by both the applicant organizations
12 and the city and some of the messes just never can
13 get fixed because of timing, etcetera. We all kind of
14 thought the tax lien sale... I'm, I'm a very old lawyer
15 and it used to be they took title to the properties
16 if you didn't pay and I was dealing with 200 Jewish
17 properties in 1986 that didn't even know they had
18 been... the proper... they didn't own their property
19 anymore that the city owned the property, that was
20 the level of communication in 86, it's a lot better
21 now but tax lien sales go through pretty quickly even
22 though they give a lot of notice and what happens
23 with the tax lien sales or as other people have
24 mentioned if you owe money to the city and you have a
25 contract with the city you have a lot of problems. I

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deal a lot with religious organizations which don't have contracts with the city because they can't because of church state separation, and they have a lot of problems. The lien sales or even the threat of lien sales is a major disaster for any of these organizations because it impacts on their contracts, it impacts on their, their donors, their, their money that's coming in, their reputation and just... it's just a ripple effect through the entire city if any agency gets wind that they're having a tax lien sale or going in, it's just a real disaster. The city has gotten better at communicating I must admit but there's still a lot of people who, who are missed and it's a lot of organizations who are missed. I... whoop, I'm done. I just wanted to say this new initiative I think is been a very good step and I really support it, the only thing I thought about was that I thought that the ombudsman would... person, excuse me, really should have more power, I felt that it... that that person or entity or... should be able to pull out properties from tax liens for appropriate reasons besides what's defined and what you decide in legislation and also I thought maybe the City Council would like to use it's oversight power to require and

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2 monitor periodic reports from the Department of
3 Finance and make sure that they're doing what they
4 need to do and I kind of thought the single
5 application form was a great idea even though things
6 are very different most of the other agencies they
7 only give exempt... they only give the exemptions to a
8 subset of what the Department of Finance has already
9 saying should be eligible. I know there's a devil in
10 the details but it seems to me that the city agencies
11 many of them have the capabilities of groups being
12 able to upload all the documents they need and have
13 them archived instead of it disappearing out of... out
14 of each of these agencies and groups having to
15 reapply and reupload and resend in all their stuff
16 all the time and I think that something analogous to
17 the deeds that are held in the city that anyone has
18 access to and you can see it and it doesn't disappear
19 and the agencies can look at it would be a much
20 better, more centralized way to really run this whole
21 thing, it's... a, a lot of time is wasted by the city
22 agency which is kind of silly for the city and, and a
23 disaster for the nonprofits. I thought the small
24 business services office might be a good place for
25 having an office but I, I just don't know enough

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2 about it, that was what someone has suggested. I
3 think it should be a place that really cares, I
4 listened to MOCS, I know about MOCS but again since
5 nonprofits can't do contracts that's much of their
6 focus and I don't know if they can do both things at
7 the same time. Thank you very much, it's an important
8 problem and I really hope you can help.. [cross-talk]

9 CHAIRPERSON DROMM: Okay, thanks, thanks
10 for your suggestions as well, I've read them just
11 before you were seated, and we'll take them into
12 consideration definitely. With regard to the, the
13 meetings, the task force meetings I'm disappointed to
14 hear that they have not met since January 19, we will
15 look further into that.. [cross-talk]

16 MARCIA EISENBERG: And I called.. [cross-
17 talk]

18 CHAIRPERSON DROMM: ...and see what's going
19 on with that, I felt that that was.. if that's the
20 case and I don't have no reason to not believe you
21 was somewhat dishonest and maybe they said it was
22 last year but.. [cross-talk]

23 PAULA SEGAL: But they said quarterly..
24 [cross-talk]

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COMMITTEE ON FINANCE JOINTLY WITH COMMITTEE ON

1 GOVERNMENTAL OPERATIONS 101

2 MARCIA EISENBERG: No, there was... [cross-
3 talk]

4 PAULA SEGAL: ...which is interesting.

5 MARCIA EISENBERG: ...it was supposed to be
6 quarterly and the thing that I thought of was that
7 they actually shifted the tax lien sale to August
8 this year plus they have a new database and a new
9 thing they're doing on the websites so I just didn't
10 know if they got overloaded and didn't have... I, I...
11 that's the only thing I can come up with...

12 PAULA SEGAL: It doesn't... they do it when
13 they feel like it that is not good enough.

14 CHAIRPERSON DROMM: Uh-huh.

15 MARCIA EISENBERG: By any stretch of the
16 imagination.

17 PAULA SEGAL: Yeah, it really... I was
18 looking for it and I thought what's, what's
19 happening, why is it not meeting because it was very
20 useful.

21 CHAIRPERSON DROMM: Okay.

22 PAULA SEGAL: There was also something
23 that came up earlier about a report that report is
24 something that the tax payer advocate's office is
25 supposed to create, the office of the tax payer

2 advocate is something that the Council mandated the
3 last time the lien sale was reauthorized, there is an
4 annual report, when that office... that office focuses
5 on individual pay, payers, individual... [cross-talk]

6 CHAIRPERSON DROMM: Uh-huh... [cross-talk]

7 PAULA SEGAL: ...of tax payers though their
8 staff has been great and there's... since we've been
9 working with them there's always one person in that
10 office who understands the nonprofit situation and
11 usually the calls get... do get routed to that person,
12 there's been a change in staff and the new person...
13 it's not... it's not clear to me how much they advocate
14 and how much they see their role as providing
15 information, I've been told by staff at that office
16 that their role is to provide information, that is
17 not good enough but the authorizing legislation for
18 the tax payer advocate's office does not clarify that
19 they're supposed to do something more than provide
20 information, it doesn't clarify what their role is
21 with regards to not for profits at all.

22 CHAIRPERSON DROMM: Okay, Chair Cabrera.

23 COUNCIL MEMBER CABRERA: Just a quick
24 question, it took you... if I heard you right three
25 years?

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MOHAMED SELIM: No, more than three years, we applied in 2011 and Miss Paula got onboard on 2016 so that's when we got it.

COUNCIL MEMBER CABRERA: Wow and... [cross-talk]

PAULA SEGAL: You got the check in 2017...

MOHAMED SELIM: I believe in 2017... [cross-talk]

COUNCIL MEMBER CABRERA: So, were you able to get everything you, you... I'm sure every they, they force you basically to pay taxes.

MOHAMAD SELIM: Yeah, we used to get bills every, every... quarterly.

COUNCIL MEMBER CABRERA: So, did you get your money back?

MOHAMAD SELIM: We got the taxes which we paid but we didn't get the legal charges which we paid to halt the for, foreclosure, we had hired attorneys and we hired other people to help us out so the attorney I believe itself was 17,000 dollars.

COUNCIL MEMBER CABRERA: So, they still owe you 17,000?

MOHAMAD SELIM: I'm sorry?

PAULA SEGAL: Yes...

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COUNCIL MEMBER CABRERA: How much they
still owe you, the city?

MOHAMAD SELIM: No, the taxes they have
returned us back.

COUNCIL MEMBER CABRERA: Oh, okay..

MOHAMAD SELIM: But the legal charges
which we paid to help us halt the foreclosure those
are just down the drain.

COUNCIL MEMBER CABRERA: Yeah, just a
hardship. Look I'm a pastor of a church... [cross-talk]

MOHAMAD SELIM: Okay... [cross-talk]

COUNCIL MEMBER CABRERA: ..I know what
houses of worship go through, it is... you're working
with volunteers, you... it's not like you get a
contract from the city, you're guaranteed money, you
know coming in whenever it comes in, it's, it's a lot
of guessing work you're making when it comes to your
budget to put that added burden on you really shame
on the city that it took that long and then the, the,
the big question that I have is why that it took an
outside entity and thank you for helping out, it just
raised a lot of red flags to me why it took so long
and then it took somebody to basically do the same
thing, not basically, literally do the same thing and

2 those are the things that really tick me off when it
3 comes to treating one group of people different than
4 others.

5 MOHAMAD SELIM: Right and the most
6 upsetting thing was we didn't submit anything new,
7 the same documentations which we... [cross-talk]

8 COUNCIL MEMBER CABRERA: Yeah, that's...
9 [cross-talk]

10 MOHAMAD SELIM: ...had been submitting..
11 [cross-talk]

12 COUNCIL MEMBER CABRERA: ...shocking...

13 MOHAMAD SELIM: ...all the... all the way
14 through.

15 COUNCIL MEMBER CABRERA: ...baffles me.

16 PAULA SEGAL: That's, that's really bad.

17 MARCIA EISENBERG: It's actually not
18 uncommon for the Department of Finance not for profit
19 unit to take an extremely paternalistic view to these
20 applications and use them as an opportunity to
21 enforce all kinds of laws that aren't theirs to
22 enforce so in this case they were concerned that the
23 community center was being run out of a building with
24 a certificate of occupancy for a doctors office and
25 they refused to grant the exemption because of that

2 and you submitted exactly the same thing plus a two
3 line letter from me that said that is not your law to
4 enforce, that's nice and that was the only difference
5 between the... you know the first and second
6 application and the third one which was exactly the
7 same... [cross-talk]

8 COUNCIL MEMBER CABRERA: Wow... [cross-
9 talk]

10 PAULA SEGAL: ...plus a little note.

11 COUNCIL MEMBER CABRERA: Shocking.

12 MOHAMAD SELIM: I just remember one thing
13 important you said in 2017 we got another tax bill
14 after all of this and we called the office and they
15 said no...never mind just ignore it, you know don't
16 worry about it your next bill will show as zero and
17 that's what happened and... [cross-talk]

18 COUNCIL MEMBER CABRERA: Wow... [cross-
19 talk]

20 MOHAMAD SELIM: ...she... in fact two weeks
21 ago was the first time we got a letter in the mail
22 asking us to renew our exemption and that was the
23 first time I went online and did it and it was not an
24 easy thing to do, it should have been an easy thing,
25 I'm an IT consultant so... I mean going on the computer

2 and filling out a form shouldn't have been difficult,
3 but it was, not an easy thing to do.

4 COUNCIL MEMBER CABRERA: Thank you for
5 sharing. I'll give her back to the Chair.

6 CHAIRPERSON DROMM: Okay, very good,
7 thank you all for coming in, we're going to ask... yes,
8 quickly...

9 MARCIA EISENBERG: I was going to say
10 what... they did run... oh, I am on... what he ran into was
11 the... in 2013 the Department of Finance started
12 requiring that you had to have a C of O that... and it
13 was... that you were doing in your building what the C
14 of O allowed and I called up and said this is going
15 to be a disaster in Brooklyn and Queens because no
16 one's at home in Brooklyn in the Department of
17 Buildings, I don't know if it's gotten any better
18 because I haven't had to do an application and they
19 said oh well you know... this was... this is a little
20 story, they said oh here are the people you need to
21 contact in the Department of Buildings, they gave me
22 names and numbers, I spent a month leaving my number,
23 leaving my name to about four different people in the
24 Brooklyn Department of Buildings, no one ever called
25 me back, I called and called and went back and said

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there is no one there, I don't know where they are
but I can't get... I can't get a, a... they have like a
letter that says they, they won't object, object to
what you're doing, I can't find anyone to talk to,
I've left extensive messages and that's what is a
problem in a lot of... at least in two of the five
boroughs, I don't know about the Bronx I just don't
get many clients there and... or Staten Island but it's
not good to have that... I mean I think it's a good
idea to make a group be doing things according to
code etcetera but if there's no Department of
Buildings I, I don't know what you're supposed to do.

CHAIRPERSON DROMM: We have a new
Commissioner at the DOB, she just started about six
weeks ago so we're looking forward to doing some
changes there.

MARCIA EISENBERG: That would be good,
thanks.

CHAIRPERSON DROMM: Believe me even in
our Council offices we've experienced some of what
you've experienced so... yep. Thank you, thank you all
for coming in.

[off mic dialogue]

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CHAIRPERSON DROMM: Okay, we have been joined by Council Member Robert Cornegy and our next panel is Kobir Chowdhury, the Reverend Peter Cook, Alexandra Brandes I think it is and Frank Lang, Frank left, okay. Yes, we got it off the... on the... off the record, yep so we'll call up Reverend Robert Foltz Morrison, yep, oh okay.

[off mic dialogue]

CHAIRPERSON DROMM: Yes, please, yep.

KOBIR CHOWDHURY: Good afternoon, my name is Kobir Chowdhury, I'm the President of Masjid Al Aman. I'm not him just for clarification, I have been mistaken. I feel actually very powerful right now because I, I feel like I'm talking to the, the people it's, it's an opportunity that is afforded to, to, to really... and I have scripted something but I, I just went off because I feel like I just need to speak from my heart, you know our property was exempted from property tax for three decades or more, I was a child, 17 year old when I came, I've, I've been part of this mosque and they have been exempted all the time. In 2010 they have had issues because... and we're the most vulnerable community, we are first generation, we don't speak English, we're not

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2 educated, we are supporting a family here, we also
3 left half of the family back home, many things
4 contributes to our problems that's why things don't
5 get done in a normal pace. So, property tax exemption
6 was maintained up until 2000... well it was maintained
7 all the time. In 2010 they found out that they
8 haven't been renewed for ten years because people
9 didn't know what to do and how to do it and they had
10 other priorities. So, I had I think... comptroller was
11 John Liu was the comptroller at that time so we seek
12 some help from their office, I filed the application,
13 exemption was approved and then retroactively
14 reversed 328,000 dollars for the whole time, 11, 12,
15 13 we renewed every year. It comes 2014 we were
16 denied, why, because our building is not done, it's
17 under construction so somehow the, the state law
18 doesn't allow it but the city imposes it on us saying
19 that you have to be a, a certain... you have to have a
20 certificate of occupancy to, to be able to be
21 exempted. So, denied, we apply again, denied and
22 every time March 15th comes it's a scary day for me,
23 I'm in the admin from 2016 then we have extended till
24 May 1st and I'm so happy that you could relate to
25 this, it's, it's how you tell the congregates who

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2 donate a dollar, 50 cents or whatever they can and
3 then now that it's going on public record for lien to
4 be sold property can be lost, somebody can auction it
5 off, this is an investment from all, all generations
6 that are living in this community for 30, 40 years,
7 we don't know how to handle it. Thanks to our creator
8 Paula came around and she was the, the educated voice
9 for us, she... actually she had helped us, I didn't
10 know she was helping for a couple of years prior but
11 long story short we are now squeezed with the
12 Department of Building violation ECD violations,
13 Finance Department is taking all of this against us
14 and we cannot complete the building because it was
15 done... some of the things that we have done was in
16 need of correction, we are repairing a new building,
17 we have been constructing this building since 2001
18 under, under the same permit so our situation is
19 unique and, and the same building under construction
20 with the same usage, we are running under TPA,
21 temporary of public assembly with five... with three
22 live fire guards, I'm one of them, I trained, other
23 people... five of us are trained so every time we're
24 having service three of us have to be present, this
25 is our condition and I don't think it's going to

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improve, I'm going to be honest not in the next three months, not in the next six months because we have to get the... we are... we are altogether now, we are getting it done, we are getting the plumbing signed off, electric signed off, we are doing the... we have done the, the mechanical system, we are very close but we're not there yet but when you come to this other hearing we went about a month and a half ago you talked to the Finance Department I feel like they're, they're heart is a little different, I mean I, I don't know, I can't... they can't relate to us. I feel like, you know when I was part of community education council in, in district 19, you know there's something called individualized education plan for a child that is in special need, we are in special need, our circumstances, our problem cannot be solved with every other... notes and codes and, and situations, we... and it's like I was saying from the... from the... early on, early prayer to the late prayer we have six, 700 people participating on each prayer, we have to break them into different sessions. Is it our... is it my fault that the community is growing, is it my fault that our next generation, our children want to come to the mosque and not be on the street,

2 you know dealing drugs and selling or doing wrong
3 things, it's not our fault that every body's trying
4 to participate and, and take part in the program that
5 is making everybody better and, and building a better
6 community together so I, I feel like we need to be.. I
7 mean every other nonprofit has unique situations, but
8 our situation is, is very different, very unique and
9 we need to be treated with that uniqueness and
10 kindness and I'm so happy that I'm here, thank you
11 very much for your time.

12 CHAIRPERSON DROMM: Thank you for that
13 testimony, it's a... it was really emotional and
14 heartfelt and... [cross-talk]

15 KOBIR CHOWDHURY: But I have reached out
16 to Sebastian to try to arrange a couple of meetings
17 with... but I, I failed somehow it didn't work out...
18 [cross-talk]

19 CHAIRPERSON DROMM: Where do you live?

20 KOBIR CHOWDHURY: Thank you.

21 CHAIRPERSON DROMM: Where do you live?

22 KOBIR CHOWDHURY: Elgin Park, we are at
23 the borderline of Queens and Brooklyn.

24 CHAIRPERSON DROMM: Okay, Sabastian...

25 [cross-talk]

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of the city? Is this the interest of the Finance

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Department, who, who is... who is interested in that?

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Who's not interested in our community and our growth

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and our prosperity?

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CHAIRPERSON DROMM: We'll, we'll work

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with you on it, yep.

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KOBIR CHOWDHURY: Thank you, thank you

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very much.

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CHAIRPERSON DROMM: Yep, absolutely.

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Okay, next please.

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ROBERT FOLTZ MORRISON: I'm the Reverend

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Robert Foltz Morrison, I work with the Presbyterian

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of New York City which has 103 faith communities

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within the five boroughs of New York City, some of

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them are as old as 350 years or more, it began with...

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before there were any kind of property issues around

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so you can imagine as a spiritual leader how many

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property issues I get to deal with on a regular basis

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and I'm glad to be here before you and I'm also glad

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to be speaking in support of the work that you're

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doing on legislation and I also want to say that I, I

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don't feel like I'm speaking only for myself, there

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are somewhere between six to 8,000 religious

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organizations in New York City. Many of us as my

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brother said here are facing some of the similar situations and so we talk together to each other and I do want to think of them as I'm with you here. There are two things that I want to lift up first that have already been lifted up. One is I do think the guidelines and having an ombudsperson is going to be extremely important for two groups, one is that many of these religious organizations that I work with that others work with are, are staffed by volunteers and the volunteers only have so many hours, so much time, changes happen as has been stated earlier and communications don't always get done but there's another group that I also want to bring to the city's attention and that's the people that the volunteers and paid employees go to in the city's structure that sometimes don't seem to know all the nuances of how religious groups work or even the nuances of what happens with all the city processes because as they change I don't know what happens down at the lowest level. I'll give you an example, one of our volunteers in the Bronx had to go more than 20 times to deal with a violation that was... having fines, the fines, you know are going to next go to the Department of Finance, next go to lien, we

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2 got a property consultant that went in and said well
3 the Presbyterian owns this property, we want to see
4 the Presbyterian property owner, we're a 13,000
5 member organization, we don't have an individual. So,
6 anyway we, we finally went three levels up and got
7 through to somebody who understands how a church
8 system works like ours so there's another group of
9 people that need to be informed on how these issues
10 work. The lastly is more of an encouragement to say
11 if you've never heard of the halo effect I want to
12 bring to your attention and it's in my report that a
13 study by partners for sacred places and the director...
14 and the director of University of Pennsylvania's
15 school of Social Policy and Practice found that the
16 average urban historic sacred place generates over
17 1.7 million in economic impact annually, that's by
18 hiring people, by purchasing supplies and by
19 countless volunteer hours that if they were to put a
20 dollar value they'd be there. So, when you take these
21 kinds of nonprofits out of your community you're
22 taking economic value as I think was already pointed
23 out here and so I want to say that as we move forward
24 we move forward with you and wanting to work with you
25 remembering of profit from Jeremiah who once said

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that as you seek the welfare of the city where I have sent you and pray to the lord on it's behalf in it's welfare you will find your welfare and so we do need to work together, our mutual welfare is important. Thank you.

CHAIRPERSON DROMM: What a good way to end, thank you, next please.

PETER COOK: I wish to thank the Finance Committee and its staff and the members who introduced these four bills we are here to talk about today. My name is Peter Cook and I am the Executive Director of the New York State Council Churches, the Council represents 7,000 congregations from eight partnered denominations across the state of New York including a couple of thousand congregations within the city of New York and some of those churches as Bob referenced have been here since the city's conception and have done much over the centuries to make the city what it is today. One dimension of the New York State Council's work is to work with congregations to improve, renovate and add on to their buildings and property so that they can better serve their neighborhoods and the city as a whole. We want congregations which often have to deal with old

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2 buildings and deferred maintenance to think much more
3 creatively about how they can access a wider variety
4 of resources beyond what can be generated by their
5 membership alone. We invite congregations to think
6 about partnerships that can be used to do things like
7 build affordable housing, construct schools, child
8 care centers and medical clinics, food programs and
9 community gardens and neighborhood meeting places and
10 so we are partners with the city to do economic and
11 community development which is inclusive of a wide
12 variety of residents and does not seek to displace
13 people from their neighborhoods through urban renewal
14 or gentrification but helps them to thrive where they
15 live. So, given our historic and current missions to
16 the city and the challenges before us we are very
17 concerned as the council churches about the burdens
18 that are being placed on our congregations right now
19 because of the way the city has set up these
20 regulations and would like to see those changes. I'd
21 also like to lift up the idea of the ombudsman which
22 we think is a really good idea, somebody who
23 understands congregations would be very helpful but
24 also that to work with other departments within the
25 city which are seeking to partner with congregations

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to do creative things and to try to not just interpret regulations but also bring to congregations attention and resources that they might be able to utilize that would actually help to move their organizations forward and improve their property. Thank you.

CHAIRPERSON DROMM: Thank you very much and next please.

ALEXANDRA BRANDES: Good afternoon, my name is Alexandra Brandes and I'm the Policy and Advocacy Manager at Lenox Hill Neighborhood House. Thank you for the opportunity to testify today at this hearing considering Intro 1776 to streamline not for profit exemptions, we fully support Intro 1776. Despite legislation enacted in 1887 to receive exemption from water and sewer charges based on the benefit charitable organization's confer to society it has become increasingly difficult to receive and maintain these exemptions. First DEP requires recertifications every two years, a list of all contracts and proof from each government contractor that none of them are providing water and sewer funding. This requirement is based on a 1970 legislative amendment and a mayoral executive order

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2 from 1980. In practice it is very burdensome to
3 recertify every two years, list every contract and
4 impossible to prove we are not getting water and
5 sewer funding. It is impossible because since our
6 inception we've been exempted and you can't get
7 funding for something that isn't charged to you and
8 without an expense... sorry, further getting letters
9 from every government funder is completely impossible
10 and frankly a waste of time. Second, other nonprofits
11 I've spoken to are losing longstanding exemptions
12 even though their purpose and programs have remained
13 the same. There have been two court cases on this
14 issue and DEP's attempts to revoke longstanding
15 exemptions were found arbitrary and capricious.
16 Unfortunately, most not for profits cannot litigate
17 this issue so when they lose, they have to spend the
18 money that is meant to go to homelessness, domestic
19 violence, other vital services on water and sewer.
20 Based on this we are requesting you support the
21 revocation of executive order 43, investigate the
22 exemptions lost in the past several years to correct
23 any arbitrary revocations, develop a more
24 transparent, fair and consistent process for
25 exemptions going forward and create the opportunity

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for all not for profits to receive an exemption based on the enormous public benefit they provide to our city. Thank you for the opportunity.

CHAIRPERSON DROMM: Thank you very much.

COUNCIL MEMBER CABRERA: I could relate to your story, I just finished back in March four and a half year process in building our, our building, our sanctuary and I'll tell you what I'm thinking of doing here which is somehow pass legislation to this legislation and we'll have to talk to the staff and see how we could draft this that... it's, it's a little... it's, it's... as a matter of fact in considering a building you have to consider do I want to build because then they're not going to give me my tax exemption... status during that time which is going to cost me more money to do it, is it safer just to keep it the way it is right now and so I, I think that we need to have some legislation because it makes no sense, if I'm the nonprofit and I meaning the organization and we are doing the construction we're doing it as a nonprofit, we get donations as a nonprofit, we do everything as a nonprofit, nothing has changed except I'm trying to build this building to do exactly what you said to, to help our young

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people and I know you're ready to explode so I, I better let you speak, go ahead.

ALEXANDRA BRANDES: Yeah, right that was a question for me, we are in the process... we're in the middle of litigating this point... [cross-talk]

COUNCIL MEMBER CABRERA: Okay... [cross-talk]

ALEXANDRA BRANDES: ...so as, as the President, Kobir pointed out earlier we had... we had a hearing recently before the tax commission and that is the center of the case, it is simply not the Department of Finance's job to be enforcing anything with relation to the building code, the state law is very clear on this, if we lose at the tax commission we will go to the court, if something weird happens there we will be back to you... [cross-talk]

COUNCIL MEMBER CABRERA: Please... [cross-talk]

ALEXANDRA BRANDES: ...to say we need a bill but hopefully we're going to get a nice clear decision. We got a very clear decision from the tax commission about the fact that they can't penalize groups because they're capital campaigns take a long time... [cross-talk]

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COUNCIL MEMBER CABRERA: Uh-huh... [cross-talk]

ALEXANDRA BRANDES: ...earlier this summer now we've discovered a new problem which is that the new administration of the tax commission has decided that their decisions don't have presidential value and they're refusing to publish them. The old general counsel, I'm in touch with him for the tax commission he used to just put them in books and you could come to the library at the tax commission and look at them and if something was useful to your case you could use it, they don't do that anymore and they don't publish them anywhere online and I, I don't know if I'm... and I know I'm speaking to a couple of attorneys up there just because they don't have presidential value, nothing has presidential value if you're in the same level of court, it only becomes presidential if you go above it, that doesn't mean it's not something you might want to show the judge but... so they're making those decisions impossible to find and we have been told impermissible that in order to use a good decision we got for one client in another client's case we need the first client's written permission which is bonkers.

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COUNCIL MEMBER CABRERA: Wow.

ALEXANDRA BRANDES: So, we could use some help on that, that's in my nice notes that say thank you to the people I'm really mad at right now but... [cross-talk]

COUNCIL MEMBER CABRERA: So... [cross-talk]

ALEXANDRA BRANDES: ...do read to the last page... [cross-talk]

COUNCIL MEMBER CABRERA: ...I, I've, I've been here for ten years and I know this court cases and so forth, i like to get things codes, I like... I like... I like it to come into law because once it's into law it protects, it enables for organizations not to go through what you are going through and we find this in every type of houses of worship that go through this process in trying to better the community, this is the thing you're trying to do something good and I know that's frustration on all of you that you have up here it's like we're trying to do things literally often for free, you know we're doing a lot of free stuff for the city and I guess no good deed goes unpunished and those days need to come to an end, I'll give it back to my Co-Chair.

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CHAIRPERSON DROMM: Well said, okay, thank you very much to this panel. We're now going to call up the next panel, thank you. Okay, MJ OKMA Okma, Human Services Council of New York; Lenora... Lemuria Alawode-El, sorry if I messed up your name and Lucy Sexton. Yes.

[off mic dialogue]

CHAIRPERSON DROMM: Is MJ OKMA here? Okay, Lucy? and Lemuria? Oh, that's you, okay. So, Lucy's not here? Okay, thank you. Why don't you start.

MJ OKMA: Hi, good afternoon. My name is MJ OKMA Okma and I'm the Policy and Campaign Strategist for the Human Services Council, we're a membership organization of 170 human services providers here in New York City. Both Intro 1784 and 1799 aim to streamline information for nonprofits which is a positive goal however providing educational resources and assistance for nonprofits will not address the needs of the human... of the city's human services sector. The main issue facing this sector is not a lack of understanding of city policies and contracting processes, it's chronic underfunding and unfunded mandates. Most recently

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2 last week the council passed Intro 1321-C without a
3 fiscal analysis of its impact on human services
4 contracts and without pairing its passage with the
5 appropriate budget increases to cover its mandated
6 cost and while the indirect funding initiative
7 established in the fiscal 20 budget was a major step
8 forward on the path towards rightsizing human
9 services contracts providers that... providers are
10 deeply thankful for more work needs to be done on
11 this issue. The truth is we need fundamental change
12 to address... to address the unfunded contracts and...
13 that impacts services across the city and stifle the
14 wages of the human services workforce. Currently city
15 contracts knowingly provide inadequate rates per
16 service unit and do not provide cost escalations for
17 OTPS or guarantee cost of living increases for the
18 workforce. Because of this the nonprofit human
19 services workforce has borne the brunt of this
20 underfunding. This is in effect an indirect
21 government workforce and yet there are some of the
22 lowest compensated workers in the New York... in New
23 York's economy. In New York City the human services
24 workforce is 82 percent women and 80 percent people
25 of color and they're making significantly less than

1 those outside the sector with similar credentials.
2 These low and stagnant wages also lead to chronic
3 staffing issues as providers struggle to hire and
4 maintain qualified staff. The chronic underfunding
5 and unfunded mandates imposed on this sector has led
6 to an environment where organizations across the city
7 are being forced to scale back services or
8 consolidate just to survive and the workforce is
9 dramatically underpaid for their labor. Establishing
10 an office or a guidebook for, for nonprofits create
11 positive resources and we are in support of these
12 intentions but it must be stressed that both of them
13 fall short in a system that is setting up those same
14 human services organizations for failure by not
15 covering the true cost of providing quality services.
16 Thank you for the opportunity to testify.

18 CHAIRPERSON DROMM: Thank you very, very
19 much, I'm just going to go to the next person then,
20 we'll have some questions.

21 LEMURIA ALAWODE-EL: Good afternoon, my
22 name is Lemuria Alawode-El, I am the Associate Vice
23 President of Strengthen NYC at United Way of New York
24 City, an organization that works with hundreds of
25 nonprofit organizations in New York City. I'm here to

1 share our thoughts regarding Intro 1784 which would
2 establish an office for not for profit services. For
3 80 years the, the United Way of New York City has
4 worked to support vulnerable New Yorkers throughout
5 the five boroughs, we do this by partnering with
6 community-based organizations, schools, businesses
7 and government agencies to address immediate and
8 long-term needs around education and financial
9 stability. United Way is currently working with over
10 700 nonprofit organizations across the city. We pay
11 close, close attention to the needs of the nonprofit
12 community in New York, when the Executive Director of
13 a multiservice organization shares challenges they
14 are experiencing we connect them to potential
15 supports. When a food pantry is looking for extra
16 hands to provide services, we leverage our corporate
17 partnerships to find volunteers. When an organization
18 needs to invest in infrastructure upgrades to better
19 serve the local community, we provide operating
20 grants to strengthen and build capacity. Our aim is
21 to ensure that the nonprofit organizations are
22 stable, strong and well positioned to improve
23 outcomes for New Yorkers. We commend the City Council
24 for seeking further non... for further support for
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nonprofit organizations across the city. These

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organizations fill an important role in providing

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critical social services for New Yorkers often

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leveraging funding from city, state and federal

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government. Ensuring that there's ongoing two-way

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communication and collaboration between the nonprofit

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organizations and the city is essential. In addition,

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we also offer the following considerations for

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strengthening the nonprofit sector in New York City.

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One, address the chronic underfunding of nonprofit

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organizations. Nonprofits need adequate and timely

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funding for their work. According to a report by Sea

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Change Capital Partners and Oliver Wyman about 40

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percent of nonprofit organizations in New York City

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have cash operating reserves of less than two months

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this means they have a minimal amount of resources to

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cover immediate expenses and almost no margin for

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investments. Delayed payments for social service

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contracts create financial burdens. As... last January,

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Comptroller Stringer's Office released a report

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showing that 89 percent of human services contracts

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in 2018 were sent to the Comptroller for

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certification after the contract start date. In April

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Sea Change Capital Partners found that social service

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contracts were registered an average of 221 days after their start date an estimate... an estimate that the financial burden on nonprofits registration delays add up to as much as 774 million dollars. Even when funding is received it does not cover the full cost of providing services requiring nonprofits to fill the gaps by fundraising from private resources and foregoing essential needs this directly contributes to low or stagnant wages for the human services workforce. And annual pay for a human services worker in New York City is 29,000 dollars, far below the income needed to make ends meet. Low wages in this sector primarily effect women, over 80 percent of human service... human services workforce are women and 44 percent are women of color. Nonprofit organizations need additional opportunities to secure unrestricted operating funds and allow them to make the needed investments in infrastructure or systems. These kinds of investments increase nonprofit capacity and increase inefficiencies but remain out of reach for many organizations. We need to streamline processes to ease administrative burden. Over decades of working with nonprofit organizations we have witnessed the administrative

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2 challenges that organizations experience when
3 applying for government contracts contracted with the
4 city or submitting reports. Organizations that work
5 with multiple agencies sometimes have to submit
6 separate reports through different portals every
7 year. For organizations that are dependent on
8 government funding this process takes multiple days
9 of staff time that could otherwise be spent
10 delivering services. Reporting or monitoring
11 requirements can sometimes force organizations to
12 duplicate efforts. We know many nonprofit
13 organizations that spend a lot of effort reporting to
14 various agencies sometimes each with their own data
15 system effectively submitting the same data in
16 different formats. We've also heard from nonprofit
17 organization staff that they wrestle with
18 inefficiencies; they don't feel like they have the
19 opportunities to propose solutions, some
20 organizations are so dependent on city funding that
21 they're afraid to voice their concerns. Any new
22 structure supports must consider the power dynamics
23 between the city and the nonprofit organizations. We
24 must find opportunities to address the challenges, at
25 the same time that nonprofit organizations are

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2 experiencing financial challenges the need for
3 services remains very high. Every four years we,
4 United Way in collaboration with other partners
5 develops the New York City self-sufficiency standard
6 which reviews the cost of living in the city and who
7 is struggling to make ends meet. Last year reports
8 show that 40 percent of New Yorkers, working families
9 are not making enough income to meet their basic
10 needs of housing, childcare, food, health care,
11 transportation, and miscellaneous items. The
12 nonprofit organizations exist to serve this large
13 share of New Yorkers and contribute to a stronger
14 more resilient city. We encourage the city to find
15 innovative solutions for addressing challenges that
16 nonprofits face. Chronic underfunding, increasing
17 cost of doing business and unmet demand for services
18 will not be addressed by incremental improvements.
19 What we need are bold actions that are designed
20 together with the nonprofit community and that are
21 responsive to the needs of New Yorkers and the
22 organizations that serve them. Understanding the
23 experience of the people working in nonprofit
24 organizations is critical for designing solutions
25 that make a difference. The city must learn from

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2 nonprofit organizations and must do this in a way
3 that compensates people for the time they spend
4 sharing their insights and addresses the power
5 dynamics at play between funders and grantee... and
6 grantees. The Sea Change Capital report identifies
7 recruiting and retention issues and rising real
8 estate costs at some of the... and some of the... as some
9 of the persistent challenges for nonprofits. The city
10 could help design innovative approaches to strengthen
11 the sector by focusing on the most impactful issues
12 for example around retaining staff or securing
13 affordable space. We thank you for the opportunity to
14 share our thoughts on the challenges facing
15 nonprofits in New York City and believe that
16 investing in organizations that serve New York City
17 is the right action to improve the lives of low-
18 income New Yorkers for the benefit of all.

19 CHAIRPERSON DROMM: Okay, thank you very
20 much. You know in the last budget negotiations we
21 included an increase in the indirect rate for
22 nonprofits and it's supposed to be released by the
23 November plan which we think is coming up at the end
24 of this week, beginning of next week and then that
25 should be carried through to the 2021 budget, I mean

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2 I don't know what's included in that, nobody's
3 included me in the... those negotiations at this point
4 but we're hopeful that that's going to be able to at
5 least provide you with some relief.

6 LEMURIA ALAWODE-EL: Yeah, so the portal
7 for nonprofits to be able to file for their indirect
8 rates just opened yesterday so that's, that's in the
9 process and we're confident that that... [cross-talk]

10 CHAIRPERSON DROMM: I'm sorry, can you
11 just repeat it, it's so hard to hear.

12 LEMURIA ALAWODE-EL: Sorry, the portal
13 for nonprofits to file for their indirect rates
14 actually opened yesterday and we're confident that
15 that process is currently going smoothly and that is
16 filling, filling in a major hole in human services
17 contracts but it doesn't address issues of other than
18 personnel services and personnel services which are
19 also underfunded.

20 CHAIRPERSON DROMM: Okay, so I think
21 we're looking forward to continuing to work on those
22 issues with you because we recognize in the council
23 how important it is to, you know fund you properly at
24 the right levels and the, the amount of services
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that you provide to New Yorkers so, I know that that's a, a priority for us.

LEMURIA ALAWODE-EL: Yes and thank you so much for your support of the indirect investment and the work that you've done on this, it really has made a difference.

CHAIRPERSON DROMM: Thank you.

LEMURIA ALAWODE-EL: Thank you.

CHAIRPERSON DROMM: Alright, good, we're, we're with you and thank you very much for coming in and for participating in today's hearing and with that we're going to adjourn at... oh, my goodness, ten minutes to five, 4:50 in the afternoon.

[gavel]

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

November 29, 2019