

The Public Ought to Know: Non-absentee boro property owners need tax relief

By Corey Bearak

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In his Jan. 15 preliminary budget, the mayor proposes a reoccurring \$400 rebate for homeowners. Will it happen?

There remain legal and political obstacles. Under the current complicated state formula, any reduction in property tax revenues raised from homeowners must reduce revenues for large residential and commercial properties as well. The mayor's plan only discusses lost revenue from extending a rebate to homeowners.

Maybe the mayor is relying on his attorneys to devise a scheme that lies outside of the property tax system, such as an income tax credit against property taxes.

Officials whose support the mayor needs raise other concerns. The city council speaker gripes about leaving tenants out. The December 2002 18.5 percent tax hike played a role in subsequent rent hikes for rent-regulated tenants.

The assembly speaker prefers to reduce the regressive sales tax, which all middle-, moderate- and low-income New Yorkers pay. A .25 percent increase sunsets May 31, 2005. With the sales tax on clothing reimposed last spring to sunset May 31, why not also exempt household necessities — as I advocated in a column last September?

As a Queens civic leader, I welcome “recognition” of the 18.5 percent mistake and the rebate only for non-absentees. But I argue for a greater permanent rollback if not elimination of the 18.5 percent hike, which is really a 22 percent-plus increase, for class-one non-absentees, or owner-occupiers (ditto for class-two co-ops and condos).

That is consistent with the Queens Civic Congress platform. City assessment rolls show increases of 4.14 percent for homes and 6.64 percent for condos and co-ops, and that is only because state Sen. Frank Padavan's (R-Bellerose) 1980 law limits assessment increases. Queens home values last year increased about 25 percent and the city bases assessments on market value.

City Hall should focus on tax reform and fairness measures that reflect taxpayers' ability to pay. These include a personal income tax surcharge on the wealthiest New Yorkers who have yet to feel any pinch of service cuts.

And it means rolling back the inequitable and unfair property tax hike and replacing it with reforms that capture lost real estate tax revenues. The mayor needs special legislation to implement the rebate proposal from the state.

So why not go for a comprehensive reform that better helps those who own and live in their homes, condos and co-ops as well as renters and — just as importantly — does not leave out the commercial sector, which pays most of our property taxes?

Follow the property tax reform recommendation outlined on the Drum Major Institute Web site. It would help middle- and working-class New Yorkers who own and live in their homes or apartments or who live in multiple-dwelling rentals.

E-mail me at Bearak@aol.com for a copy or go to DrumMajorInstitute.org (click the “On the Issues” header, and then scroll bottom-right to “Economic Justice” and click “Creating Stable Middle-Class Neighborhoods”). The proposed real estate tax revenue reforms would fund an equitable property system. The Queens Civic Congress called for it in testimony almost two years ago on the Mayor’s Preliminary Budget.

These recommended real estate tax reforms would capture upward of \$1 billion in lost real estate tax revenue based on illegal uses and improper property classifications through a combination of fines and improvements in the classification of real property.

Further data analysis suggest revenue opportunities up to \$3 billion without any impact — no new taxes — on those who own and live in their houses, co-ops or condos and renters who live in typical apartment houses. Applying this approach to absentee owners of four- to six- and seven- to 10-unit properties, also preferentially assessed, would yield more revenue.

While this approach realizes revenue, its operation serves an important policy that also stabilizes neighborhoods. It would make sense for absentee owners to sell to new owners who would live in the home or small apartment building. Those who live in the property they own take better care of it, and the result increases quality of life and property values.

Similarly it should induce those who occupy residential homes solely for business purposes to free up that living space. The nearby shopping strip storefront now becomes an attractive alternative to using a house as an office or other non-residential use.

In a reverse domino impact, when a home opens up, that likely creates an opportunity for another family to leave a co-operative, to be replaced by a family in a rental who in turn get replaced by a family who might leave public housing, thus opening an opportunity for a family without housing.

Is there anything wrong with tax reform that introduces fairness and restores — at no cost — housing?

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