

**WESTCHESTER COUNTY BOARD OF LEGISLATORS
COMMITTEE ON GOVERNMENT OPERATIONS
FEBRUARY 24, 2009, 1:00 PM
MEETING MINUTES**

In Attendance:

COMMITTEE ON GOVERNMENT OPERATIONS (GO) MEMBERS: Legislators Ken Jenkins, Chair; Lois Bronz, Gordon Burrows, Judy Myers, Vito Pinto, Martin Rogowsky. Housing Advisory Member: Albert Annunziata. Committee Coordinator: Barbara Dodds.

OTHERS: BOL: Leg. Thomas Abinanti, Joanne Sold, Rick Pezzulo, Betsy DeSoye, Michael Amodio, Susan Kirkpatrick; CE: William Randolph, Andrew Neuman, Karen Pasquale; Tax Commission: David Jackson; Planning: Larry Kelly, Norma Drummond, Deb DeLong; Law: Linda Trentacoste; LWVW: Rosemary MaLaughlin, Karen Schatzel, Ina Aronow, Mary Beth Gose; ORPS: Lee Kyriacou, John Wolham, John Petrino; WCBR: P. G. Mercurio; City of Yonkers: Lou Kirven, Matt Finkle (Related Companies); Journal News: G. McKinstry.

ITEMS FOR DISCUSSION:

- **RE-VAL** Guest: Lee Kyriacou, Exec. Director, NYS Office of Real Property Services
- **Affordable Housing Project--47 Riverdale Avenue, Yonkers** Guests: Norma Drummond, Dep. Planning Comm.; Louis Kirven, Comm. of Planning and Development, City of Yonkers

RECEIVED AND FILED: #16

MINUTES APPROVED: Nov. 12, 2008

With the presence of a quorum, Legislator Jenkins opened the meeting at 1:20 pm.

- **RE-VAL.** Leg. Jenkins welcomed Lee Kyriacou, Exec. Dir. of the NYS Office of Real Property Services (ORPS) and his team and David Jackson, Exec. Dir. of the Westchester County Tax Commission to discuss county-wide revaluation. Leg. Burrows said he has heard Mr. Kyriacou several times and is convinced that reassessment is one of the most important tasks facing the county. He emphasized that the county must accomplish fair reassessment.

Mr. Jackson gave an update on the state funded methodology study in progress and said it should be ready by the end of March. The recommendations of the Westchester study will be decided by a majority of the study committee composed of municipal officials and assessors. Leg. Jenkins noted that the county will receive the second \$25,000 when the Board of Legislators receives the study report and he set a target date of March 23rd. Leg. Pinto commented that each year reassessment is taking place through the number of certioris. With a revaluation, some property taxes will go up, some will go down and some will stay the same. Although the state had debated this issue years before, he looked forward to another opportunity to create a fair and equitable assessment system.

Mr. Kyriacou introduced his associates—John Wohlham, Regional Director of Lower Hudson Valley south of Ulster and John Petrino, Customer Relationship Manager for Westchester County. His experience includes work as an assessor and a councilman for a dozen years in the City of Beacon where he still lives. During that time, he worked on the Dutchess County reassessment, which was done half at a time. He noted that since that time the County is at 100% valuation and the residents enjoy better services and lower costs. He was also the policy director for the Suozzi Commission.

As a system, New York State is one of the most arcane and difficult in design and structure. Yet, without being required by the state, some 600 jurisdictions out of 1000 are up to date on their reassessments and more are working on theirs. Westchester is behind the trends. Reassessment is critical for equity, transparency, revitalization and fair allocation. Everyone

must pay their fair share and no more. It's all about transparency and nobody really understands it because it is so complicated. Westchester has the highest property taxes per household of any county in the United States. Orange, Putnam and Suffolk are in the top twenty-five. Leg. Pinto pointed out that most people don't realize that it is the school tax that drives the property taxes.

ORPS power point presentation attached.

The Suozzi Commission recommended a series of expense changes. Mr. Kyriacou discussed the points in his presentation. Twenty of the top tax rates in the country are in upper New York State. As a percentage Westchester is very high. Most states require a periodic update of the assessments. New York is among the 12 non-mandated states that don't require any re-assessment. These states also have limited enforcement powers. There are 1128 assessing jurisdictional units in New York compared to 59 in California. 1000 of the assessing jurisdictions are towns and cities in the state. Tompkins and Nassau Counties have county-wide reassessment. Of the 540 villages in the state, 140 still assess causing duplicate assessing and 15 of those are in Westchester. Bronxville has a legitimate excuse because it is at full value assessment and has a co-terminus school district. Legislators asked for a list of the 15 villages in Westchester. **[Later provided: Buchanan, Croton-on-Hudson, Bronxville, Tuckahoe, Ardsley, Dobbs Ferry, Elmsford, Hastings-on-Hudson, Irvington, Tarrytown, Larchmont, Mamaroneck, Sleepy Hollow, Pleasantville and Mount Kisco—which is also a town and probably should not be on the list.]**

In New York, the state cannot mandate the jurisdictions have to choose re-assessment on their own. Forty seven states have standards as to how property is to be valued—half the states use market rate, the rest have some standards except for three, including New York State, which have no common standards. The results for New York guarantee unfairness and the state has to impose the equalization rate—an average number for each community based on sales which change from year to year.

Average property tax rate by share for most NYS jurisdictions (except NYC): schools 62%, and County 17%, totaling 79%. And some school districts cross town lines. Since 2005, 60% of NYS jurisdictions have reassessed on their own or are in the process (605). In Westchester, only Bronxville has an up-to-date roll. Rye Town and Pelham have done their reassessment. An ORPS grant of \$5 per parcel is available to jurisdictions that go to 100% valuation.

If your home is appreciating faster than the average in your community, you are getting a good deal in taxes since the value on the books remains what it was. Factors are slow or fast appreciated, location, neighborhood, improvements, home, cost of litigating certioris. If the home next door is appreciating slower than average, they will pay too much. Seniors fear they will be hurt if their homes are reassessed to true market value but, looking at Westchester sales for the last thirty years, modest income seniors turned out to be overassessed. Tax divided by real value. Another of the grants given by ORPS was for the study presently underway to decide how to get every parcel to be treated the same way. Leg. Abinanti expressed the hope that the committee would consider the Homestead or blend model that was proposed 15 years ago and vetoed by Governor Pataki instead of just a municipal run model. Leg. Rogowsky commented that if the municipal model was suggested by the study, that would go against the Lundine Commission recommendation to share costs & services; centralize assessment services, and coordinate or consolidate.

Reduction takes a couple of years. In relation to condos & coops—based on commercial rents, both are measured as rentals. The state law would have to be changed to increase condos to residential rates. Coops would remain the same. Under the Homestead—or 2-tiered blend tax system, all properties are valued the same way with one rate for residences and about 50% higher for commercial properties.

Mr. Kyriacou said whereas the Lundine Commission recommended centralized assessment by the county either by coordination or consolidation. Leg. Rogowsky said that with this study, we seem to be looking at a non consolidated non standard assessment at the municipal level. The Suozzi Commission while looking at property tax caps also saluted the Lundine Commission and said there needs to be not less than a three-year cycle in place. The ORPS just wants something done. One approach, as some counties have asked, is to get a local option law that would allow the county to require every municipality to be at full market value and common standards. Most counties did some sort of a blend. The big issue down county is how to get the reval done the first time and then coordinate or consolidate.

Leg. Myers asked about the effect of reval or the lack of it on communities in the current economy. Residentials that had appreciated during the boom may start to come down in value as market rate goes down and commercials might go up a little. A question is how you take care of the cost to get the work done. You have to collect the data and that could take 5 years county-wide. In Rye Town it took 3 years. Where assessments are done regularly it is straight forward—just check building permits and sales. Mr. Jackson said the average cost for assessment per parcel would be about \$125,000 depending on the quality of the data that's already in place. Mr. Kyriacou said using more in-house staff would decrease the cost. Discussion continued on what other jurisdictions are doing.

Mr. Gil Mercurio, president of the Westchester County Board of Realtors, said that by and large, Westchester realtors support fair reassessment and Ms. Mary Beth Gose, president, League of Women Voters of Westchester, said the League supports county-wide reval. Leg. Jenkins thanked Mr. Kyriacou and his staff for the presentation.

- **47 Riverdale Ave** Mr. Larry Kelly presented legislation that would lend \$4,800,000 in New Homes Land Acquisition funds to pay for 3.1 acres land of a \$53 million, multi-level project in Yonkers. The County is buying the land piece under the buildings. The property includes an existing four, interconnected 4 to 18 story high rise buildings, with 343 100% affordable rental units built in 1975 under the HUD Mitchell-Lama program. The property also includes a parking garage with 316 spaces. The property is an old Mitchell-lama development with an official end in 2015. The owners could have gone to market rate this year. The property is completely occupied with eligible tenants with incomes of 60% AMI or less. Twelve tenants who don't meet the 60% guideline may remain & pay higher rent. Some others have moved out or bought out. There is now an extensive waiting list. Vark Street Houses, Inc. is the original and current owner from whom the County will purchase the land value of \$4,800,000 and will subsequently sell the property back to Vark Street for \$1.00. A declaration of restrictive covenants will provide a 40 years period of affordability.

A motion to approve the authorization for 47 Riverdale Ave. was moved by Leg. Burrows and seconded by Leg. Pinto. All voted in favor.

A motion to approve the minutes of Nov. 12, 2008 was moved by Leg. Rogowsky and seconded by Leg. Myers.

A motion to adjourn was moved by Leg. Burrows and seconded by Leg. Pinto. All voted in favor. The meeting was closed by Leg. Jenkins at 3:03 p.m.

**Fair Assessments for Taxpayers
Westchester County**



**Lee Kyriacou, Executive Director
February 2009**



**Sum: Regular reassessment is only way to ensure that
all your property taxpayers pay only their fair share**

- **The NY system of property assessment is one of the most arcane and difficult in the country**
- **Yet most NY communities reassess regularly – without statutory mandate**
 - Westchester in general is way behind trend
- **Reassessment is critical for all communities and taxpayers**
 - **Equity:** Taxpayers pay only their fair share of property taxes
 - **Transparency:** Taxpayers actually understand their assessments
 - **Revitalization:** Businesses vote with their feet
 - **Fair Allocation:** Communities pay only fair share of broader taxes
- **You are studying assessment improvement – it's high time**

Fair distribution of taxes is even more crucial because New York has one of the highest property taxes in U.S.

Median Household Tax by County

County	State	Tax / HH (\$)
1. Westchester	NY	\$7,908
2. Nassau	NY	\$7,726
3. Hunterdon	NJ	\$7,708
4. Bergen	NJ	\$7,370
5. Somerset	NJ	\$7,201
6. Essex	NJ	\$7,149
7. Rockland	NY	\$7,066
8. Morris	NJ	\$6,977
9. Union	NJ	\$6,727
10. Passaic	NJ	\$6,673

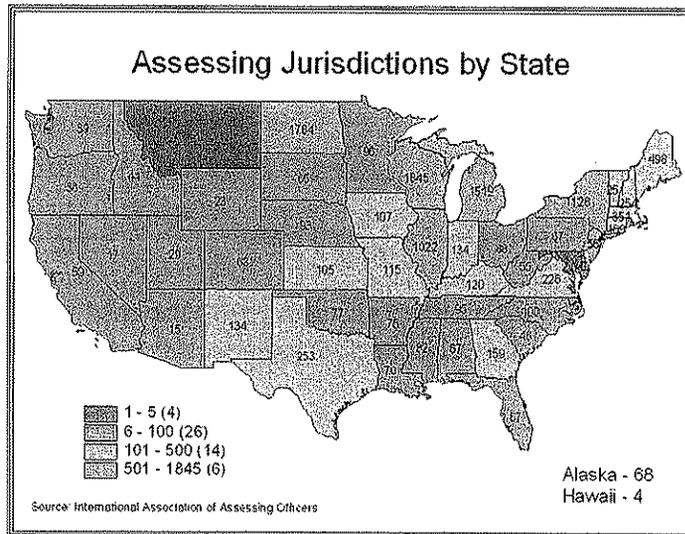
Effective Tax Rate by County

County	State	Tax Rate (%)
1. Orleans	NY	3.0%
2. Niagara	NY	2.9%
3. Allegany	NY	2.9%
4. Montgomery	NY	2.9%
5. Monroe	NY	2.8%
6. Wayne	NY	2.7%
7. Cortland	NY	2.7%
8. Genesee	NY	2.7%
9. Chautauqua	NY	2.7%
10. Livingston	NY	2.6%

20 of the top 21 counties in the nation are in Upstate New York

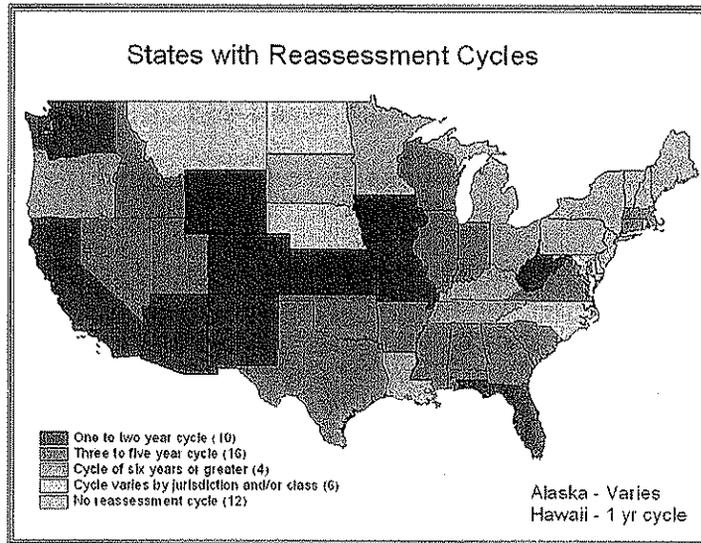
Source: Tax Foundation, three-year averages based on data from the U.S. Bureau of the Census, American Community Surveys (2005-07) 2

Most states have ≤100 assessing units; only a half dozen have more than 500 – New York has 1,128



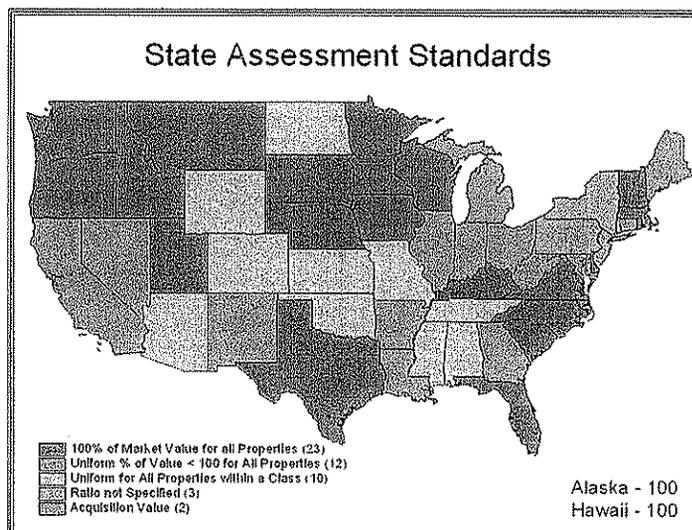
Source: International Association of Assessing Officers

The vast majority of states require periodic comprehensive reassessment – but not New York



Source: International Association of Assessing Officers, 2000 Survey

47 states have a clear statewide valuation standard – but not New York



Source: International Association of Assessing Officers, 2000 Survey

Due to its inherent design, New York's Real Property Tax system is weak on most measures

When a system has (1) no periodic reassessment, (2) no common standards, (3) minimal enforcement and (4) too many assessing units – you end up with:

- **Guaranteed Unfairness:** parcels not treated the same way; some pay too much, others too little
- **State-Imposed Equalization:** a poor substitute for equity
- **Lack of Transparency:** impossible for taxpayer to understand
- **Inefficiency:** More expensive for fewer benefits
- **Dispersed Data:** in hundreds of databases – which severely limits technology benefits

Absent local coordination, the State controls how ~80% of taxes are shifted between assessing units

Portion of Local Property Tax (ex-NYC) Allocated by State Equalization Rates

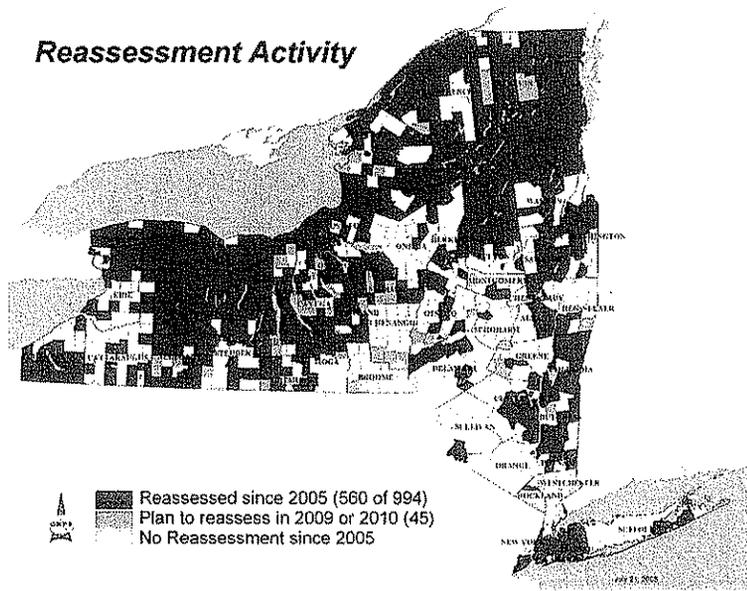
Taxing Authority	# of Gov'ts	Crosses Assessing Lines	% Total Property Tax
School Tax	698	510	62%
County Tax	57	55	17%
			79%
City Tax	62	0	5%
Town Tax	932	0	7%
Village Tax	556	Some	2%
Special District Tax	~6,000	Some	7%
Total	8,000+		100%

Source: NYS ORPS

Over 600 (>60%) localities – including NYC – have reassessed since 2005, taking advantage of ORPS reassessment aid

ORPS

Reassessment Activity

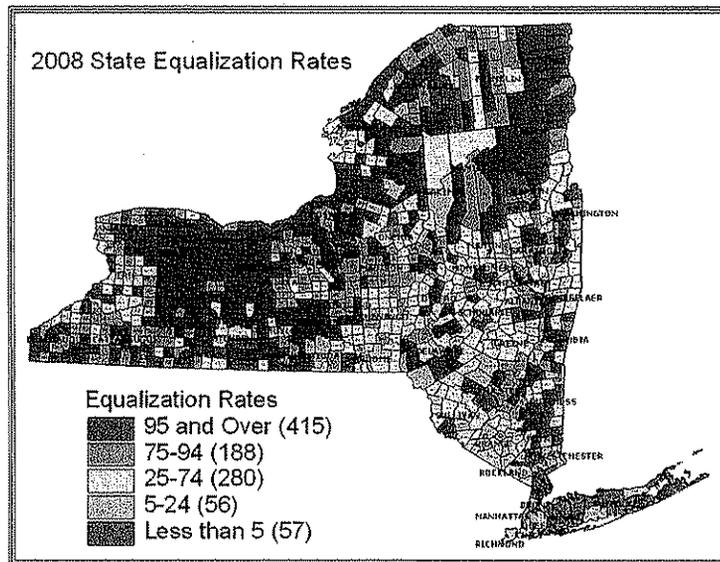


Source: NYSORPS

In any given year, >400 assessing jurisdictions are effectively at 100% full market value

ORPS

2008 State Equalization Rates



Source: NYSORPS

Most Westchester communities have not reassessed since WW II

ORPS

	<u>Parcels</u>	<u>Last Reval</u>	<u>Eq Rate</u>
1 Yonkers	35.7K	>35 yrs	2.3
2 Greenburgh	28.2	>35 yrs	3.0
3 New Rochelle	15.8	>35 yrs	2.4
4 Cortlandt	15.2	>35 yrs	1.6
5 Yorktown	14.2	>35 yrs	2.1
6 Mt Pleasant	13.9	>35 yrs	1.4
7 White Plains	13.5	>35 yrs	2.8
8 Mt Vernon	11.3	antebellum	2.6
9 Rye	11.0	2008	100
10 Ossining	10.2	>35 yrs	5.1
11 Eastchester	9.2	>35 yrs	1.4
12 Somers	9.2	>35 yrs	11.3
13 Mamaroneck	8.6	>35 yrs	1.6
14 Harrison	6.9	>35 yrs	1.6
15 New Castle	6.7	1987	17.0
16 Peekskill	6.4	>35 yrs	3.0
17 Bedford	6.3	>35 yrs	8.9
18 Scarsdale	5.9	>35 yrs	1.6
19 Lewisboro	5.8	>35 yrs	8.5
20 Rye City	4.9	>35 yrs	2.0
21 North Castle	4.8	>35 yrs	1.9
22 Pelham	3.7	2008	100
23 Mt Kisco	2.8	1978	17.4
24 North Salem	2.5	>35 yrs	8.1
25 Pound Ridge	2.5	>35 yrs	13.8

Almost all Westchester municipalities (all of cities) fail to meet even minimum national standards of uniformity

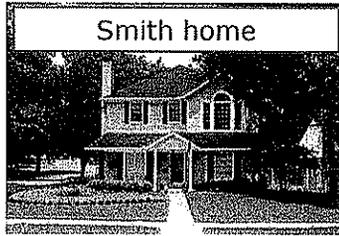
ORPS

Coefficients of Dispersion for Westchester Municipalities

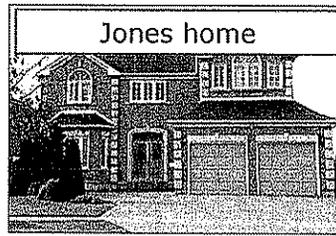
	<u>All Property COD (std: <=15%)</u>	<u>Residential COD (std: <=10%)</u>
Mt. Kisco	43%	13%
White Plains	29%	13%
Rye (C)	28%	14%
Peekskill	26%	13%
Mt. Vernon	25%	19%
New Rochelle	23%	19%
Greenburgh	23%	12%
Yonkers	23%	16%
Mamaroneck	21%	12%
Ossining	21%	12%
Eastchester	21%	18%

Reassessments ensure that property owners pay only their fair share of taxes

- Community reassessed in 1969.
- Smith and Jones properties have same value, pay same tax



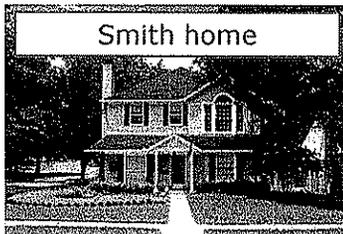
Smith home
 Market Value \$100,000
 Assessed Value \$100,000
 Tax (@ 1% AV) \$1,000
 Real Rate 1%



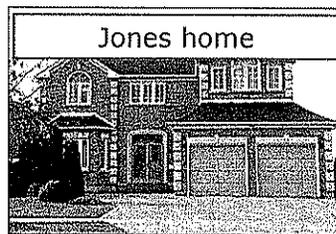
Jones home
 Market Value \$100,000
 Assessed Value \$100,000
 Tax (@ 1% AV) \$1,000
 Real Rate 1%

With lack of reassessment, properties that have appreciated most are paying less than their fair share

- 40 years later; no reassessment
- Smith value up x8; Jones value merely up x4
- **But they still pay same taxes! Jones subsidizing Smith**



Smith home
 Market Value \$800,000
 Assessed Value \$100,000
 Tax (@6% AV) \$6,000
 Real Rate 0.75%



Jones home
 Market Value \$400,000
 Assessed Value \$100,000
 Tax (@6% AV) \$6,000
 Real Rate 1.50%

Reassessment: What is it? What does it do / not do?

A "reassessment" is a comprehensive review of all properties in a community, and setting of all assessments back to market value

What a reassessment does:

- Levels the playing field – treats everyone equally
- Corrects unfair assessments – both too high and too low
- Distributes tax burden FAIRLY among all property owners
- Ensures every owner pays no more than fair share of taxes
- Reduces law suits and "tax certiorari" refunds
- Increases State Aid for municipality
- Is tax revenue neutral

A reassessment does not:

- Raise total taxes – only elected officials can
- Raise individual taxes – unless your tax was unfairly too low
- Hurt or benefit any one group – depends on past assessment¹⁶

Reassessment would annually save Westchester taxpayers tens of millions dollars in tax refunds

\$44 million annually – sum of all tax cert refunds for Westchester governments

\$20-30 million once – up front cost of reassessment

It's not advanced mathematics

Two \$50,000 ORPS study grants are empowering local governments to design their own paths to reform

- **Assessment Improvement Study Grant – 51 of 55 eligible counties, including Westchester**
 - A study of at least one program of common assessing that would affect every parcel in the county; \$25,000 paid up front, with remaining \$25,000 when study received by county legislative body

- **Tax Collection Database Study Grant – 45 of 56 eligible counties, including Westchester**
 - A study of a single database for taxable status, tax & payment history of every parcel in the county; \$25,000 paid up front for study; another \$25,000 to defray actual implementation cost of database

**Regular reassessment
is the only way to ensure that
all taxpayers
pay only their fair share**

For more information, go to
www.orps.state.ny.us