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## **Senate Leader Floats Property-Tax Cap for the City, to de Blasio's Dismay**

*New York City is not subject to the state's 2% cap on property-tax increases, but Senate Majority Leader John Flanagan would like to change that. The mayor disagrees.*

By Andrew J. Hawkins

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State Senate Majority Leader John Flanagan wants to extend the state's property-tax cap to New York City, he announced Wednesday morning in Manhattan.

Speaking to a business audience at a Crain's Breakfast Forum, the state's most powerful Republican said if the property-tax cap had been in effect in the five boroughs over the past five years, "there would have been a multibillion-dollar savings for the people of the city of New York."

The proposal came out of the blue: No major interest groups have mounted any sort of public campaign to bring the tax cap to the city, where property taxes are relatively low because city income taxes generate so much revenue. The only such call recently came from Martha Stark, a former city finance commissioner, in a Crain's op-ed.

The state's cap makes it difficult for localities and school districts to raise property taxes by more than 2% or the rate of inflation, whichever is lower. Upstate New York has some of the highest property-tax rates in the country, while suburban counties directly north of the city have some of the highest property-tax bills. Gov. Andrew Cuomo frequently touts the 2% cap he won in 2010 and which was extended by four years in the last legislative session.

Now Mr. Flanagan says a similar system should be in place in New York City. But applying the cap to the city's property taxes is opposed by Mayor Bill de Blasio, a Democrat with whom Mr. Flanagan has clashed over mayoral control of schools. On Wednesday, Mr. Flanagan portrayed high taxes as an impediment to the construction of affordable housing, a top issue for Mr. de Blasio.

"When I talk to people involved in commercial real estate, and I don't have the exact number, but they're saying land costs are astronomically high, and taxes are one of the big reasons why it's very difficult to build affordable housing," Mr. Flanagan said to reporters after the forum. "All those things have an effect."

The de Blasio administration, though, uses tax revenue to build affordable housing. The mayor's plan calls for more than \$8 billion in city funding for affordable housing over 10 years.



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A spokeswoman for the mayor said Mr. Flanagan's proposal "would add an arbitrary, unnecessary and restrictive cap to the New York City property-tax code—which already has a number of existing caps—and cost the city billions, resulting in severe cuts to vital services such as public safety and education."

She added that the city's property-tax levels are among the lowest in the downstate region.

But tax bills have increased because properties have gained value. Tentative assessments released in January showed the market value of the city's 1 million-plus properties soaring 9% from last year, to \$988.3 billion. The city is subject to a property-tax cap by a clause in the state constitution that limits how much money it can raise from property to pay operating expenses.

Regarding New York City taxes in general, "there are changes that need to be made," Mr. Flanagan said. Interest groups such as the Real Estate Board of New York and watchdog organizations including the Citizens Budget Commission have complained for years about anomalies that render city property taxes unfair.

"You have people with homes of similar value in various parts of the city of New York [paying different property taxes]," said Mr. Flanagan. "A million-dollar home, someone's paying \$4,000, and another person with a million-dollar home is paying [\$15,000]."

Politicians have long avoided the issue, though, because leveling out the tax burden among different classes of property would involve raising rates on single-family houses, which for many elected officials is a nonstarter. Also, some pricey co-ops currently taxed as if they were rent-regulated housing would surely see a tax increase in any comprehensive reform.

But, Mr. Flanagan said, "I think it's very fair to have those types of conversations."

REBNY and its members have been major campaign contributors to Senate Republicans over the years.