



ANNUAL REPORT

THE SCRIE AND DRIE OMBUDSPERSONS
NEW YORK CITY RENT FREEZE PROGRAM

THE OFFICE OF THE TAXPAYER ADVOCATE

OCTOBER 1, 2018

BILL DE BLASIO, MAYOR • JACQUES JIHA, PH.D., COMMISSIONER

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Fiscal Year 2018 Annual Report

(Reporting Period July 1, 2017 – June 30, 2018)

EXECUTIVE SUMMARY

In the following pages, you will find the SCRIE and DRIE Ombudspersons Fiscal Year 2018 Annual Report.

The SCRIE and DRIE ombudsperson positions were established under local law in 2015. The ombudspersons are located within the Office of the Taxpayer Advocate, which reports directly to the commissioner of the Department of Finance. The ombudspersons are mandated by law to produce this report annually, discussing operational issues with SCRIE/DRIE and recommending policy changes for the Rent Freeze program.

This year's report summarizes the legislative and administrative changes impacting the Rent Freeze program from July 1, 2017, through June 30, 2018. It also provides the volume of ombudspersons work and describes their work during the past fiscal year, summarizes last year's recommendations, and provides recommendations for the upcoming fiscal year to further improve the Rent Freeze program for participants.

The work of the Office of the Taxpayer Advocate is an essential component of the four pillars that drive the Department of Finance's mission and govern our operations: fairness, efficiency, transparency, and customer service. We are grateful to Taxpayer Advocate Eunkyong Choi, her dedicated ombudspersons, and the Rent Freeze staff for their service and hard work throughout the year.

Additional information regarding the Rent Freeze program is available at www.nyc.gov/rentfreeze. More information about the Office of the Taxpayer Advocate is available at www.nyc.gov/taxpayeradvocate.



Jacques Jiha, Ph.D., Commissioner

PART 1:

OVERVIEW

The New York City Department of Finance (DOF) manages and administers the New York City Rent Freeze program, comprised of the Senior Citizen Rent Increase Exemption (SCRIE) and Disability Rent Increase Exemption (DRIE). The program “freezes” the rent of eligible senior and disabled renters at the time of enrollment and provides financial assistance to eligible renters throughout the five boroughs.

As of July 30, 2018, there were 53,913 SCRIE households and 11,149 DRIE households receiving assistance under the Rent Freeze program. The average age was 76.53 for SCRIE recipients and 60.58 for DRIE recipients. The average household size for SCRIE and DRIE beneficiaries is approximately 1.6 people.

A. SCRIE and DRIE Eligibility Requirements

The SCRIE and DRIE programs have similar eligibility requirements:

- Applicants must be the primary tenant named on the lease/rent order or have been granted succession rights in a rent-controlled, rent-regulated, or rent-stabilized apartment, or in part of a Mitchell-Lama Development (for DRIE applicants only);
- Applicants must have a total annual household income of \$50,000 or less; and
- Applicants must spend more than one-third of the household’s total monthly income on rent.

The age requirement for SCRIE is at least 62 years. For DRIE, the applicant must be at least 18 years old and receive one of five disability benefits:

- Supplemental Security Income (SSI);
- Social Security Disability Insurance (SSDI);
- U.S. Department of Veteran’s Affairs disability pension or compensation (must be military service-related disability pension);
- Disability-related Medicaid (if the applicant has received either SSI or SSDI in the past); or
- United States Postal Service (USPS) disability pension or disability compensation.

B. Operations of the Rent Freeze Program Ombudspersons

Section 11-137 of Title 17 of the New York City Administrative Code establishes ombudspersons for both the SCRIE and DRIE programs. The duties of the ombudspersons include establishing a system to receive complaints related to the Rent Freeze program; investigating and responding to those complaints; and making recommendations to the

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commissioner of the Department of Finance regarding the administration of the program. The ombudspersons assist tenants and representatives who apply for and receive SCRIE/DRIE benefits. The ombudspersons inform applicants of eligibility requirements and the required documentation to establish Rent Freeze benefits. In addition, the ombudspersons help identify and resolve issues with applications or benefits by assisting applicants after the application completion process. Further, the ombudspersons actively engage in community outreach by attending Rent Freeze, homeowner tax benefit, and Tax Resolution Day events sponsored by the New York City Taxpayer Advocate and DOF's External Affairs Division. This is an opportunity for the public to meet DOF agents one-on-one, to learn more information, and to bring documents for an initial assessment.

Members of the public can visit the ombudspersons on a walk-in basis, or they can reach the office by telephone, by e-mail, or via a contact page on DOF's Freeze Your Rent website. The ombudspersons also receive call transfers from 311. Contact information for the ombudspersons is included in all required SCRIE and DRIE forms and notices, including notices related to the denial of an application or its ensuing appeal, the revocation or termination of benefits, and the denial of a tenant's application for benefit takeover.

The ombudspersons can resolve inquiries swiftly and will refer matters unrelated to SCRIE and DRIE to the responsible units within DOF. When necessary, the ombudspersons will open a formal case to resolve difficult cases that may take more than 10 days to resolve.

Nearly 87% of the inquiries received by the ombudspersons during the 2018 fiscal year were received through the SCRIE and DRIE ombudspersons webmail boxes or via 311 referral.

C. Annual Report to NYC Council

The Department of Finance is required to submit an annual report to the city council no later than October 1 detailing the activities of the SCRIE and DRIE ombudspersons during the prior fiscal year. The annual report must include:

- (1) The number and nature of inquiries received by DOF and 311 regarding the Rent Freeze program;
- (2) The number, nature, and resolution of comments and complaints received by the ombudspersons related to the Rent Freeze program; and
- (3) Any recommendations made by the ombudspersons to the commissioner of the Department of Finance regarding the administration of the Rent Freeze program.

D. Legislative and Administrative Changes Impacting the Rent Freeze Program

During this reporting period, there were legislative and administrative changes that impacted SCRIE and DRIE beneficiaries.

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Recent Legislative Changes:

The income spike (a one-time increase in income) legislation, which took effect in September 2016, allows eligible SCRIE and DRIE benefit recipients whose benefits were denied due to a temporary spike in income over \$50,000 to reapply in the following calendar year and have their rent frozen at their prior frozen rent amount upon approval for re-entry into the program. The SCRIE/DRIE unit began tracking the number of beneficiaries using the income spike legislation in April 2017. As of October 1, 2018, 98 applications have been reviewed for eligibility; 50 applicants were approved, 44 deemed ineligible, and four were still pending.

DOF Administrative Changes:

The New York City Department of Finance has made it easier for longtime Rent Freeze program participants to renew their benefits. Beginning September 2017, a short-form renewal application is mailed to SCRIE and DRIE recipients who have been receiving benefits for five or more consecutive periods. This shorter, simpler application makes the renewal process easier. Eligible participants need only provide the completed short-form renewal along with copies of their most recent rental documents, assuming their income has not increased by more than \$1,000 since they last applied for Rent Freeze benefits. Approximately 40% of renewal applicants have used the short form.

Pfeffer Stipulation of Settlement:¹

New York City tenants who currently receive, or previously received SCRIE or DRIE may be entitled to have their rent reduced to the old frozen rent levels.

The *Pfeffer* stipulation concerns SCRIE and DRIE tenants who needed more time to file due to a disability or a physical or mental impairment, and as a result either lost their Rent Freeze benefit or had their rent frozen at a higher level. This affects tenants whose SCRIE or DRIE benefits expired or lapsed after December 1, 2011. The affected tenants will have a chance to be reinstated at their old rent level, even if they have been renewed at a higher rent.

Applicants must apply to be reinstated by submitting either an “Application for Additional Time to Renew Lapsed Benefit” or an “Application for Additional Time to Renew Expired Benefit” by October 26, 2018.

Revised Notices:

Effective July 2018, the SCRIE/DRIE notices have been revised to include more information about the Rent Freeze program. The newly added information includes contact details for the

¹ The *Pfeffer* stipulation refers to a recent settlement of a class action in federal district court, *Pfeffer et al v. DOF et al*, Docket No. 15 CV 3547.

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Division of Homes and Community Renewal (DHCR) for applicants to file a harassment charge, obtain apartment rent registration history, or file a rent overcharge complaint.

Official Policy on Required Income for Renewal Applications Around the First of the Year:

Early in 2018, the SCRIE/DRIE unit instituted a formal income reporting policy for those who must submit their renewal application in the first quarter of the new year (January 1 – March 31). Affected beneficiaries are now allowed to submit their prior year's tax returns if the current year return is unavailable, rather than waiting until their most recent tax return is filed. This formal policy change will alleviate much confusion and worry for applicants who cannot file their returns early, reduce pending application rates at the beginning of the year, and allow the SCRIE/DRIE unit to clearly and confidently state what is needed from applicants.

PART 2:

STATISTICS FOR THE REPORTING PERIOD FROM JULY 1, 2017, THROUGH JUNE 30, 2018

A. Total Inventory

From July 1, 2017, through June 30, 2018, the ombudspersons assisted SCRIE/DRIE applicants by handling a total of 1,804 inquiries and 351 cases. During fiscal year 2018, the ombudspersons saw an increase of 27.6% in total work volume from the previous fiscal year, with total inquiries increasing by 399 and cases by 67. Since the ombudspersons' initial year, fiscal year 2016, total cases and inquiries have more than doubled.

The chart below shows the three-year work volume growth trend. A majority of this uptick in total volume is the result of increased inquiries to the office. Inquiries have increased 137% since fiscal year 2016; cases have risen by only 25% in that time.

SCRIE DRIE Ombudsperson Total By Fiscal Year			
	FY 2016	FY 2017	FY 2018
SCRIE	759	1,227	1,638
Case	189	199	247
Inquiry	570	1,028	1,391
DRIE	283	462	517
Case	92	85	104
Inquiry	191	377	413
SCRIE DRIE Case Count	281	284	351
SCRIE DRIE Inquiry Count	761	1,405	1,804
Combined Total	1,042	1,689	2,155
Year over Year Growth		62.1%	27.6%

B. Inventory by Source

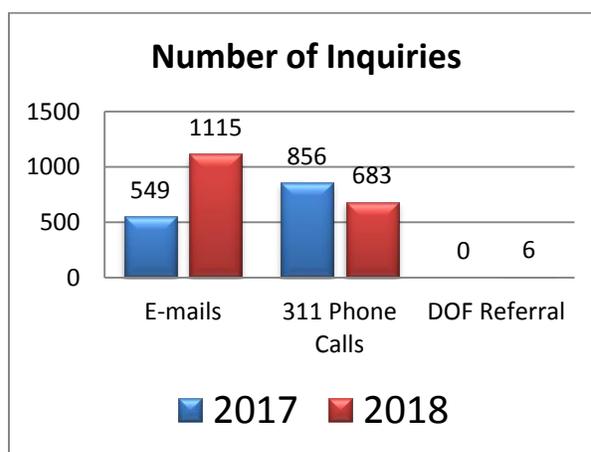
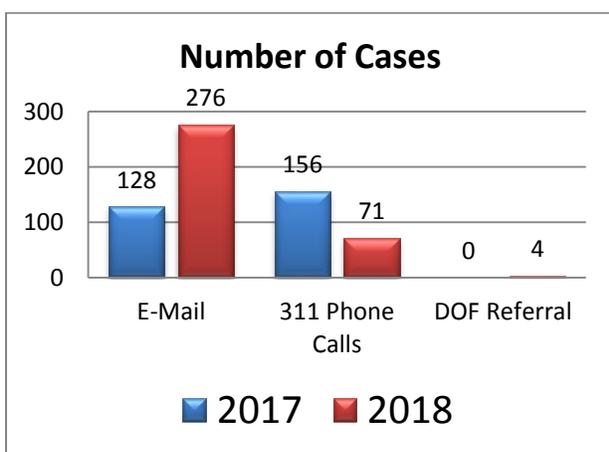
The charts below show the breakdown of referrals received via our two main channels, e-mail and 311 transferred calls. This year, we have incorporated internal DOF referrals² (which are generally via e-mail) to our source tally. While relatively small in terms of workflow, this indicates that the office is being used as a method of resolution within DOF as well. We have included fiscal years 2017 and 2018 for comparison. Inquiries increased by 28% from fiscal year 2017, while cases increased by over 23.5%. E-mail is the ombudspersons’ greatest source of work, representing approximately 64.5% of all workflow; the total volume received from e-mail has increased by over 37% between fiscal years 2017 and 2018. As the number of cases received by e-mail increased by nearly 77% from 2017 to 2018, the number of cases received via 311 or direct phone call *decreased* by 44.5%. The total volume of inquiries increased by 30% via e-mail, and over 24% via 311 or phone call.

Fiscal Year 2018 SCRIE and DRIE Combined Statistics

SCRIE / DRIE	Inquiries	Cases	Totals	% Inquiries	% Cases	% of Total Work
E-Mail	1,115	276	1,391	80.2%	19.8%	64.5%
311 Phone Calls	683	71	754	90.6%	9.4%	35.0%
DOF Referral	6	4	10	60.0%	40.0%	0.5%
Total	1,804	351	2,155	83.7%	16.3%	100.0%

Fiscal Year 2017 SCRIE and DRIE Combined Statistics

SCRIE/ DRIE	Inquiries	Cases	Totals	% Inquiries	% Cases	% of Total Work
311 Phone Calls	856	156	1,012	84.6%	15.4%	59.9%
E-Mail	549	128	677	81.1%	18.9%	40.1%
Total	1,405	284	1,689	83.2%	16.8%	100.0%



² DOF Referrals are from the SCRIE/DRIE unit or the Compliance unit within Exemptions at the Department of Finance.

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C. Individual SCRIE/DRIE Program Breakdown for Fiscal Year 2018

Below is a breakdown of the work the ombudspersons completed for each program. In comparison to last year’s SCRIE and DRIE statistics, the SCRIE ombudspersons saw the more significant increase in work volume, 33.5%, with 1,638 cases and inquiries compared to 1,227 in fiscal year 2017. The DRIE ombudspersons workflow increased 11.9%, with 517 cases and inquiries, compared to the 2017 total of 462.

Fiscal Year 2018 SCRIE Statistics

SCRIE	Inquiries	Cases	Totals	% Inquiries	% Cases	% of Total Work
E-Mail	869	185	1,054	82.4%	17.6%	64.3%
311 Phone Calls	518	58	576	89.9%	10.1%	35.2%
DOF Referral	4	4	8	50.0%	50.0%	0.5%
Total	1,391	247	1,638	84.9%	15.1%	100.0%

Fiscal Year 2018 DRIE Statistics

DRIE	Inquiries	Cases	Totals	% Inquiries	% Cases	% of Total Work
E-Mail	246	91	337	73.0%	27.0%	65.18%
311 Phone Calls	165	13	178	92.7%	7.3%	34.43%
DOF Referral	2	0	2	100.0%	0.0%	0.39%
Total	413	104	517	79.9%	20.1%	100.00%

Fiscal Year 2017 SCRIE Statistics

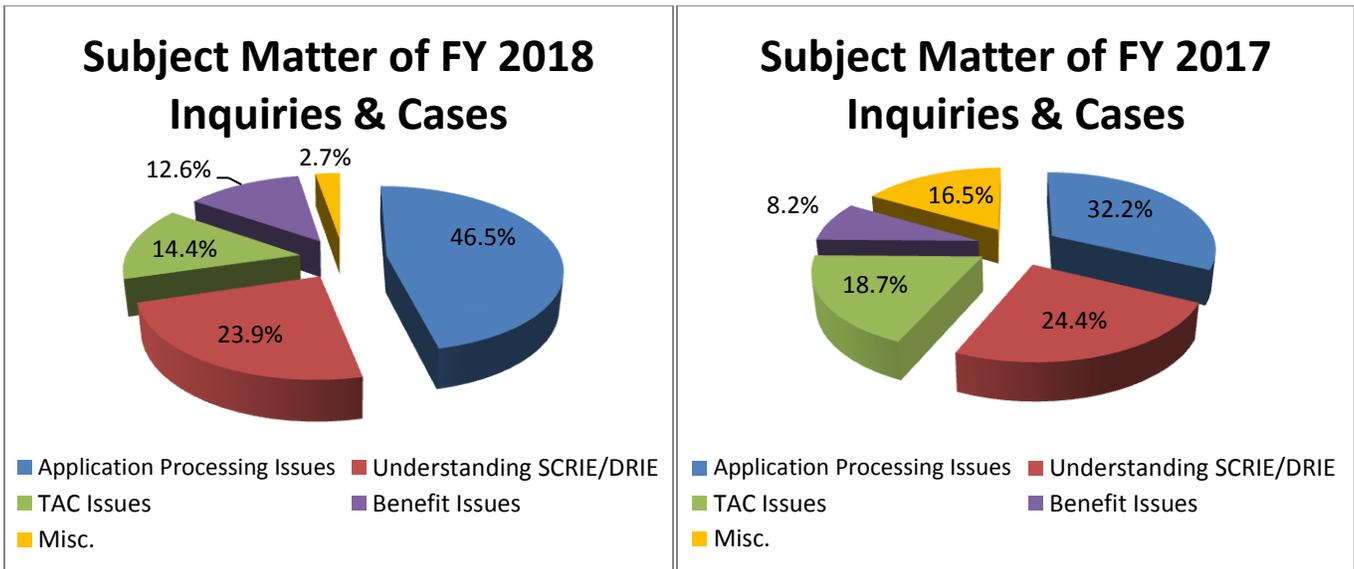
SCRIE	Inquiries	Cases	Totals	% Inquiries	% Cases	% of Total Work
E-Mail	640	112	752	85.1%	14.9%	61.29%
311 Phone Calls	388	87	475	81.7%	18.3%	38.71%
Total	1,028	199	1,227	83.8%	16.2%	100.00%

Fiscal Year 2017 DRIE Statistics

DRIE	Inquiries	Cases	Totals	% Inquiries	% Cases	% of Total Work
E-Mail	216	44	260	83.1%	16.9%	56.28%
311 Phone Calls	161	41	202	79.7%	20.3%	43.72%
Total	377	85	462	81.6%	18.4%	100.00%

D. Ombudspersons Subject Matter Inventory

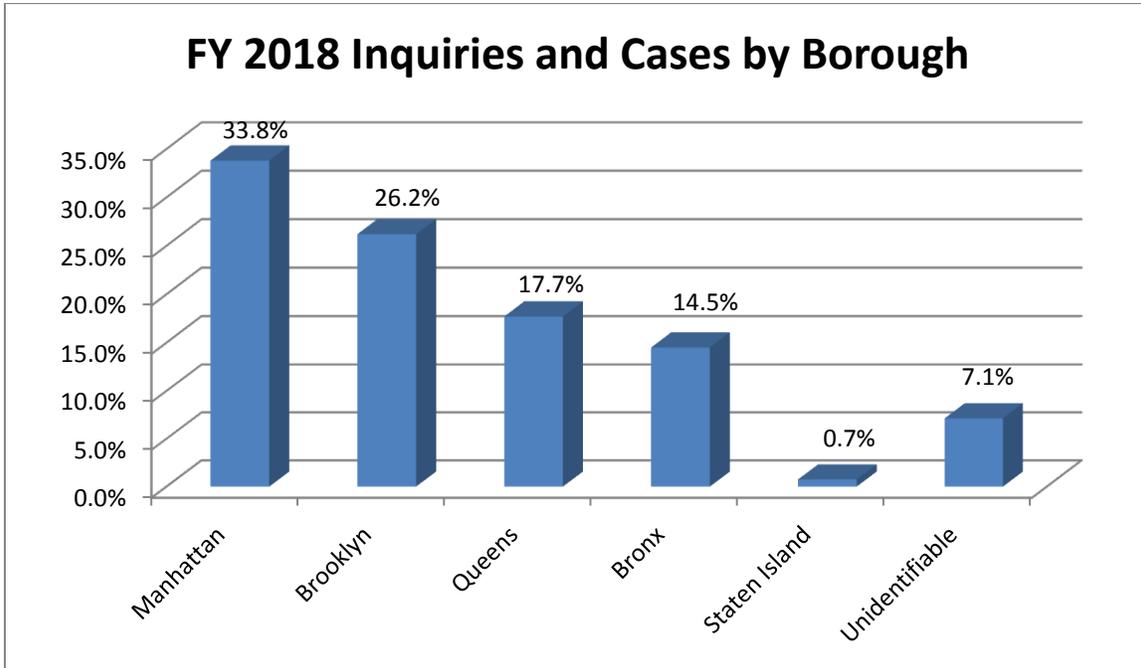
Combining both cases and inquiries, the ombudspersons’ workflow can be subdivided primarily into four major categories: Application Processing Issues, Understanding SCRIE/DRIE, Tax Abatement Credit (TAC) Issues, and Benefit Issues. In 2018, nearly 50% of the ombudspersons’ workflow dealt with issues related to the application processing; in 2017, those issues comprised a little under one-third. The second major category of work for the ombudspersons was helping customers understand the SCRIE/DRIE program, representing nearly one-quarter of workflow, a statistic fairly consistent with fiscal year 2017.³



³ As DOF collects more data, the miscellaneous category is refined and data is better categorized.

E. Source of Work by Borough

Manhattan has the highest volume of work for the ombudspersons, followed by Brooklyn, Queens, and the Bronx.⁴ Staten Island does not create much work for the ombudspersons' office, as rent-regulated units are less common there. Below is a chart showing the percentage of this year's SCRIE and DRIE ombudspersons by borough. Inquiries without an application or from people outside of the five boroughs are categorized as Unidentifiable.⁵

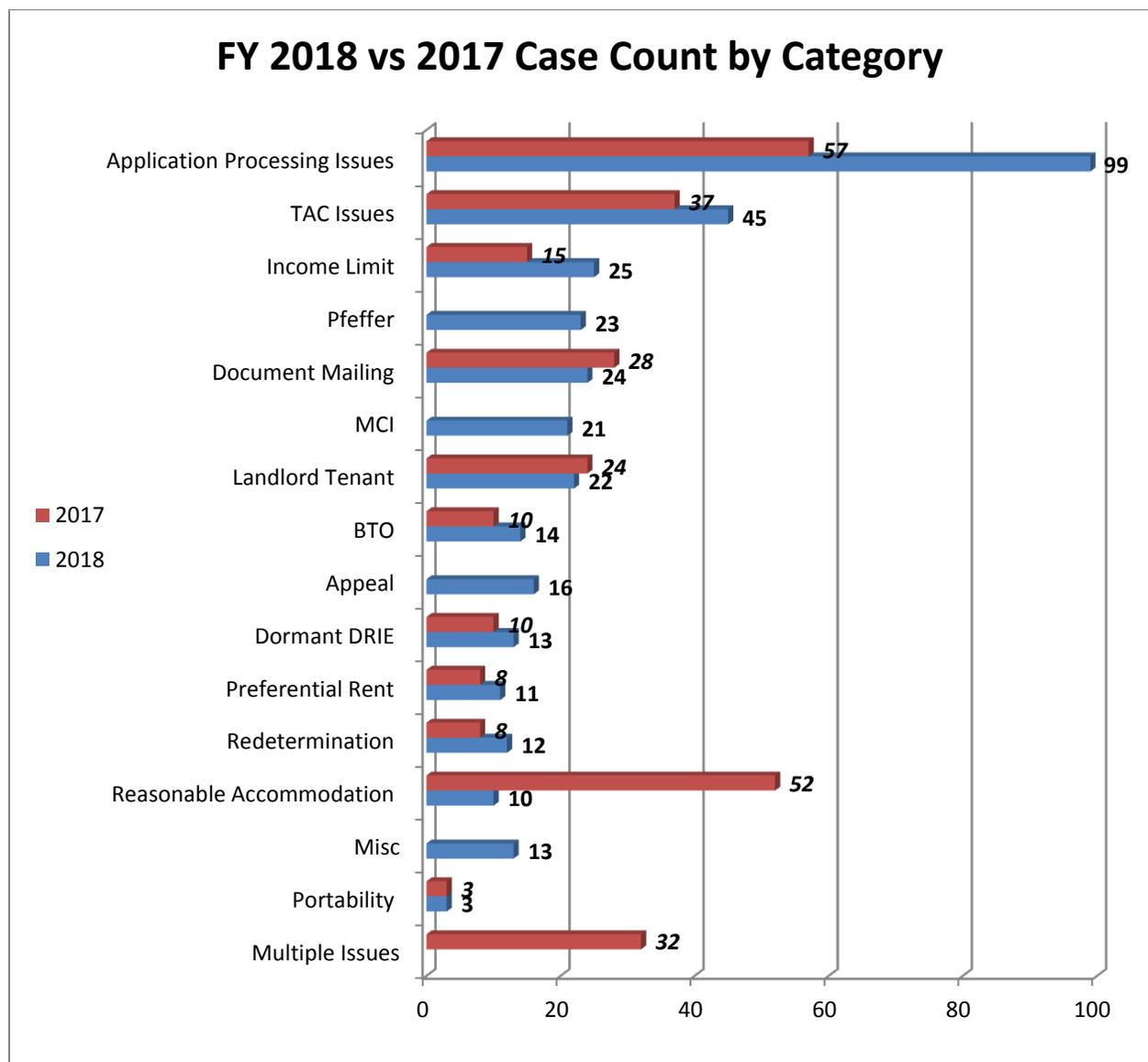


⁴ See pgs. 21-22 for *Ombudspersons Case and Inquiry Work Totals and Dollar Impact of Case Work*.

⁵ Applies to Inquiries only.

F. Breakdown of Cases by Defined Categories for Fiscal Year 2018

The ombudspersons’ increase in cases from 284 in fiscal year 2017 to 351 in fiscal year 2018 is most attributable to application processing issues, TAC issues, and the *Pfeffer* lawsuit dockets. This year, the ombudspersons have separated Major Capital Improvement (MCI) cases from TAC issues, as well as *Pfeffer*-related cases, which were previously grouped in the Reasonable Accommodation category. The ombudspersons’ workload for Reasonable Accommodation issues has also declined as a result of the inclusion of information about EEO submissions on the Rent Freeze webpage. *Pfeffer* applicants may also have their frozen rent restored in lieu of submitting requests to EEO. The combined total of both categories is 62 cases, compared to 37 cases in fiscal year 2017, an increase of 67%.



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KEY

Appeals. Cases which have been denied by the Appeals unit or involve customers seeking assistance in getting documents to the Appeals unit.

Application Processing Issues. Processing issues are broadly defined as cases in which documents establishing eligibility are either missing, delayed, or misinterpreted and additional effort is required to complete the application.

BTO. Benefit Takeover cases refer to issues arising when a tenant attempts to take over benefits from a program participant who has died or permanently vacated the premises.

Document Mailing. These cases arise when documents are lost in the mail or otherwise cannot be located.

Dormant DRIE. Dormant DRIE cases concern tenants who are eligible to have their benefits reinstated in full upon the submission of required documentation.

Income Limit. Income limit cases involve applicants or beneficiaries with issues arising related to income. This is related to annual income in excess of \$50,000 or they spend less than one-third of their monthly income on rent.

Landlord-Tenant. These cases deal with various landlord-tenant issues, including the need for a countersigned lease and confusion over what happens to Rent Freeze benefits when a property is sold.

MCI. Major capital improvements issues involve adjustments to an applicant's legal or frozen rent pursuant to receipt of an MCI rent increase notice issued by DHCR, which requires either the tenant or landlord to file an adjustment application.

Pfeffer. *Pfeffer* cases involve issues covered by the class action (see section 1-D, pg. 6).

Portability. These cases refer to the transfer of Rent Freeze benefits to a new apartment.

Preferential Rent. Division of Housing & Community Renewal (DHCR) defines "preferential rent" as a rent which an owner agrees to charge that is lower than the legal regulated rent that the owner could lawfully collect. We freeze the rent at the preferential rent when the preferential rent is for the lifetime of the tenancy.

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Reasonable Accommodation. Applicants who need a reasonable accommodation in order to access benefits available under the SCRIE/DRIE program. Their applications are referred to the Department of Finance's disability service facilitator.

Redetermination. These cases deal with challenges to the frozen rent amount due to decreases in income.

TAC Issues. Tax Abatement Credit issues involve landlords or tenants seeking to adjust frozen or legal rent amounts or verify that TAC benefits are properly reflected on a SCRIE or DRIE statement of account or property tax bill.

PART 3:

SUCCESS STORIES

1) Redetermination Approval

An attorney's office contacted the ombudspersons about an 86-year-old tenant whose husband had recently passed away. The tenant thought the household was previously receiving SCRIE under an old apartment and requested to retroactively transfer the benefit to the new apartment in which she currently resided. The rent for the new apartment was higher than the rent she was previously paying. Since the tenant could no longer afford the rent, she faced the prospect of eviction.

An ombudsperson determined that an approved SCRIE benefit for the period in question did not appear and that DOF would not be able to process benefits retroactively. However, though she did not specifically request a redetermination, the ombudsperson informed her she would be eligible for a redetermination of her frozen rent amount if she had a permanent loss of at least 20% of her household income.

Upon the recommendation of OTA, the tenant filed a redetermination application and was approved. The tenant's frozen rent was reduced from \$1,131.58 to \$507.21, a monthly savings of \$624.37.

2) SCRIE Benefit Reinstated

A 67-year-old tenant was approved for SCRIE in 2013. However, her benefit expired in 2017 when her 2016 household income exceeded the \$50,000 income limitation.

Upon receiving notice of the benefit revocation, the tenant contacted the ombudspersons. Since the appropriate amount of taxes was not previously withheld, she filed an amended

tax return, and the ombudsperson advised the tenant to file an appeal application with her amended income tax return. Although the tenant's income was adjusted to reflect allowable tax deductions, the appeals revocation was upheld because her 2016 income still exceeded the income limitation.

In the following year, 2018, the tenant contacted the ombudsperson, fearful that she might be evicted from her home since she continued to pay the previously approved frozen rent despite the benefit revocation. The ombudsperson learned that the tenant's 2016 income included inheritance money. Upon review of the inheritance documentation, the ombudsperson advocated on the tenant's behalf for additional income review. Effective May 1, 2017, the DOF reinstated the tenant's \$913.68 frozen rent. This was a two-year savings of \$2,921.52, reflective of the legal rent the tenant would have had to pay without the SCRIE benefit.

3) TAC Issue Arising from Pfeffer Approval

A 69-year-old tenant from Brooklyn contacted the ombudspersons in March 2017 regarding restoring DRIE benefits that had not been active since April 30, 2010, per docket inclusion in the *Pfeffer* class action. In December 2017, per another inquiry into processing status, the ombudsperson provided the tenant with the appropriate expired benefit application and request for the documents necessary to prove eligibility in DRIE back to the expiration of benefits in 2010. In April 2018, DOF approved benefits back to May 1, 2010, and more than \$18,000 in TAC was transferred to the landlord.

The tenant had also recently required assistance in the One Shot Deal program, involving emergency grants provided by the New York City Human Resources Administration (HRA). As requested by the tenant representative at HRA, the ombudsperson reached out to the landlord to clarify any areas the parties did not understand. This was necessary because the tenant was charged and paid the full legal rent for the time period the DRIE benefits were not active. The landlord received his proof on June 1, 2018, as the DRIE statement of account showed that the \$18,616.72 was transferred to the borough, block, and lot ("BBL"). The statement of account also showed that only \$454.79 of the total credit of \$20,257.36 was applied to property taxes.

The ombudsperson was able to assist both the tenant and landlord in this case. The landlord was uncertain about when the credit would be reflected on the property tax bills and statements of account. Most importantly, the ombudsperson ensured the tenant received payment for monies paid to the landlord retroactively attributable to DRIE benefits.

4) **Processing Issue and Portability Denial for Lower Legal Rent**

A DRIE beneficiary contacted the ombudspersons upon denial of his portability application for a move from Manhattan to Brooklyn. The denial stemmed from the new apartment's legal rent being lower than both the legal and frozen rent in the beneficiary's Manhattan apartment. The ombudsperson consulted with the SCRIE/DRIE unit and instructed the beneficiary to complete a new initial DRIE application; he was subsequently approved in the new apartment. However, the beneficiary never received an approval letter from the SCRIE/DRIE unit. The ombudsperson found that the DRIE system contained the incorrect BBL, so despite the beneficiary having no known issues with benefits, none were being received. The SCRIE/DRIE unit corrected the BBL, and a new frozen rent amount was established.

5) **Processing Error – Short-Form Application**

The applicant, a 68-year-old from Brooklyn, reached out to the ombudspersons after submitting a new short-form application. She checked the box indicating that her income had not increased by more than \$1,000 per year since the filing of her last renewal application; however, she received a “pending” notice for income for calendar year 2017. The ombudsperson alerted the SCRIE/DRIE unit that the pending notice was unnecessary, and the application was approved, per the intent of the new short form. As a result of the ombudsperson's direct outreach, the applicant was approved for benefits and could rest easy knowing her landlord would receive \$295 a month in tax abatement credits.

PART 4:

RECOMMENDATIONS

A. Implementation and Status of Fiscal Year 2017 Recommendations

In the 2017 annual report, the ombudspersons made six recommendations for corrective measures. A summary of those recommendations and the department's responses are below.

1) **Preferential Rent:**

Recommendation: Rent Freeze applications and other materials should clearly define preferential rent and how frozen rents are determined when a preferential rent lease rider is involved.

DOF Action:

Effective May 2018, information on preferential rent has been added to all approval notices.

2) **Benefit Takeover:**

Recommendation: DOF should include language on initial and renewal applications regarding what is needed for a successful BTO application.

DOF Action:

Information on the benefit takeover process is included in the frequently asked questions section of the initial and renewal applications. Question eight on the initial application and question 17 on the renewal application provide this information.

3) **Expiring Docket Sharing with HRA:**

Recommendation: DOF should explore the feasibility of providing HRA with a list of tenants whose benefits are expiring. This list could be distributed to caseworkers and Rent Freeze specialists who could then proactively assist tenants through the renewal process.

DOF Action:

Currently, a monthly list of tenants who have been revoked for failure to renew is provided to DOF's External Affairs Division. These lists are shared with the city council, the DOF Outreach unit, and DOF's Property Exemptions Administration Community Assistance unit for the purpose of following up with tenants. As recommended, External Affairs is now sharing the Failed to Renew lists with the Tenant Support unit specialists.

4) **Permanent Loss of Income:**

Recommendation: DOF should ensure that all program participants are aware of what constitutes a permanent loss of income when applying for a redetermination of benefits.

DOF Action:

DOF's Legal Affairs Division has proposed and is reviewing guidelines to be included in the published program rules.

5) **Standardize the Calculation of Income:**

Recommendation: DOF should continue to work toward standardizing the definition of income for benefit purposes.

DOF Action:

DOF is working on a legislative proposal to standardize the definition of income for purposes of calculating all DOF benefits. Among the ideas for the proposed legislation is to use the adjusted gross income on a taxpayer's federal return as a baseline—similar to the state STAR benefit—though DOF is also exploring other options to create a more unified definition of income for all exemption programs.

6) Pending Notices:

Recommendation: Notices sent in response to an incomplete application should clearly specify which additional documents the applicant must submit. If this change is not possible, the SCRIE/DRIE unit should add language to the pending notices explaining that not all documents listed as pending may be applicable to the applicant.

DOF Action:

The explanation for pending reasons is now editable. The SCRIE/DRIE unit welcomes any suggested improvements, taking into account the limited capability of the current FAIRTAX system coding. The SCRIE/DRIE unit has provided a copy of all the reasons for pending notices to OTA for review and comment, while also establishing a shared folder with OTA that includes standard operating procedures for the applications.

B. Recommendations for the Current Reporting Period, Fiscal Year 2018

During the reporting period of July 1, 2017, to June 30, 2018, the ombudspersons have analyzed and identified seven new issues and have issued the following recommendations to further improve the Rent Freeze program.

1) DRIE to SCRIE Transfer:

Although the SCRIE/DRIE programs are identical in terms of the benefits they offer, DRIE applicants must document that they have a disability, whereas SCRIE merely requires that the applicant be 62 years old. The current policy is that SCRIE/DRIE applicants who wish to transfer from one Rent Freeze program to the other must complete a SCRIE/DRIE transfer application, though the ombudspersons have become involved in cases in which tenants were encouraged to stay in DRIE despite requesting to transfer into SCRIE.

Recommendation: The ombudspersons recommend that DRIE beneficiaries in rent-stabilized and rent-controlled properties have the option to age out of DRIE at 62, via an addition to the DRIE renewal application. They should also have defined rights to transfer to SCRIE when they become eligible.

2) **Increased Rent Freeze Outreach:**

During fiscal year 2018, the ombudspersons participated in 15 outreach events and notice of property value (NOPV) sessions throughout the five boroughs. These included a Rent Freeze clinic and a Tax Day event hosted by elected officials. At these events, applicants received assistance with SCRIE and DRIE applications, tax exemption applications, and NOPV inquiries. The ombudspersons see the person-to-person contact of outreach events as an invaluable resource for landlords and tenants who do not understand the intricacies of the SCRIE and DRIE program or the Landlord Express Access Portal (LEAP). The events also help to raise awareness of the ombudspersons' services.

Recommendation: Increased outreach efforts are needed to inform tenants and landlords of Rent Freeze benefits and requirements. The ombudspersons are currently partnering with DOF's External Affairs and Property divisions, local public officials, and direct care service providers to host tenant education and right-to-know seminars. OTA recommends that DOF conducts more strategically targeted partnerships. The ombudspersons also recommend more outreach to advise landlords of LEAP.

3) **MCI:**

During fiscal year 2018, the ombudspersons fielded 21 cases concerning a major capital improvement and 224 inquiries regarding adjustments to a tenant's legal rent due. These statistics are illustrative of a trend noted by the ombudspersons regarding TAC adjustment inquiries concerning MCIs not included during processing and benefits approval. Currently, the SCRIE/DRIE process consists of beneficiaries applying for an adjustment by submitting a TAC adjustment application with a copy of the DHCR-issued MCI notice. Putting the onus on the applicant to submit information that could otherwise be obtained through interagency cooperation creates inefficiencies and slows processing times.

Recommendation: The ombudspersons recommend that DOF request that DHCR send a copy of approved MCIs to the SCRIE/DRIE unit. By receiving this information directly from DHCR, DOF would be able to include MCI adjustments automatically and mitigate landlord-tenant issues caused by missing MCI documents.

4) **One-Third Monthly Income Requirement:**

DOF will freeze eligible applicants' rent at either their prior rent or at 1/3 of their monthly income, whichever is greater. However, current and prospective beneficiaries are often unaware that they must meet both the \$50,000 income limitation and spend more than 1/3 of their income on rent.

Recommendation: The ombudspersons recommend that DOF create a 1/3 income palm card that explains this income requirement for program applicants and participants.

5) **Consideration of Household Size:**

One of the requirements for applicants to qualify for SCRIE or DRIE is a combined household income of \$50,000 or less. However, household income does not take into account household size, in that the standard of living for a family of four making \$60,000 is lower than the standard of living for one person making \$45,000—yet the former would not qualify for the Rent Freeze program. Many applicants require at-home caretakers, often family members, which may disqualify an applicant based on income requirements.

Recommendation: DOF should advocate for statutory changes permitting a more equitable definition of “combined household income” that will take into account household size.

6) **Timeliness of Appeal Determinations:**

The review of appeals by a dedicated group began approximately March 2017 but was previously done by the SCRIE/DRIE unit. Following the transfer of the appeals function from the SCRIE/DRIE unit to the relatively new Compliance unit, processing time for appeal determinations is lagging a month behind the determinations made within the SCRIE/DRIE unit. Currently, there is no timeline requirement to respond to an appeal by the SCRIE/DRIE unit.

Recommendation: The ombudspersons recommend that new resources be committed to the Compliance unit to allow for first and/or final appeal determinations to be made within three weeks of receipt. There should be an established amount of time requiring a response from the Compliance unit in the form an acknowledgment letter stating that the appeal form has been received and is under review.

7) **Processing of Pfeffer and Dormant DRIE Dockets:**

Pfeffer and dormant DRIE dockets (the latter which became part of the *Pfeffer* class in April 2018) require proof of retroactive benefit period eligibility and thus involve a more detailed and complex processing review. As a result, processing occurs months after the application was received by the SCRIE/DRIE unit. The ombudspersons receive many requests due to the processing lag time; applicants are uncertain if the documents they have sent have been received by the SCRIE/ DRIE unit or complete the outstanding data requests to process the application.

Recommendation: The ombudspersons recommend that DOF determine a way for Pfeffer and dormant DRIE applications to be processed in a timely manner.

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Ombudspersons Case and Inquiry Work Totals and Dollar Impact of Case Work

District #	Council Member	Borough	# of Cases	# of Inquiries	Case \$ of Ombudspersons Impact	Total
1	Margaret S. Chin	Manhattan	12	29	\$34,646	41
2	Carlina Rivera	Manhattan	13	51	\$63,058	64
3	Corey Johnson	Manhattan	10	47	\$1,316	57
4	Keith Powers	Manhattan	8	40	\$14,786	48
5	Ben Kallos	Manhattan	15	68	\$25,300	83
6	Helen Rosenthal	Manhattan	13	62	\$15,581	75
7	Mark Levine	Manhattan	21	84	\$12,761	105
8	Diana Ayala	Manhattan/Bronx	4	17	\$2,577	21
9	Bill Perkins	Manhattan	9	62	\$20,250	71
10	Ydanis Rodriguez	Manhattan	29	144	\$119,052	173
11	Andrew Cohen	Bronx	7	51	\$13,407	58
12	Andy King	Bronx	0	14	\$0	14
13	Mark Gjonaj	Bronx	2	11	\$9,175	13
14	Fernando Cabrera	Bronx	10	56	\$12,938	66
15	Ritchie J. Torres	Bronx	9	43	\$6,054	52
16	Vanessa L. Gibson	Bronx	10	38	\$8,061	48
17	Rafael Salamanca Jr.	Bronx	4	18	\$39,094	22
18	Ruben Diaz, Sr.	Bronx	6	24	\$872	30
19	Paul Vallone	Queens	0	7	\$0	7
20	Peter Koo	Queens	7	38	\$15,298	45
21	Francisco Moya	Queens	6	28	\$1,770	34
22	Costa Constantinides	Queens	3	13	\$0	16
23	Barry Grodenchik	Queens	6	16	\$4,339	22
24	Rory I. Lancman	Queens	7	25	\$28,230	32
25	Daniel Dromm	Queens	14	60	\$37,295	74
26	Jimmy Van Bramer	Queens	3	35	\$146	38
27	I. Daneek Miller	Queens	0	13	\$0	13
28	Adrienne E. Adams	Queens	3	3	\$0	6
29	Karen Koslowitz	Queens	9	56	\$20,874	65
30	Robert Holden	Queens	5	7	\$3,525	12
31	Donovan J. Richards	Queens	1	9	\$0	10
32	Eric A. Ulrich	Queens	2	7	\$0	9
33	Stephen T. Levin	Brooklyn	6	27	\$8,543	33
34	Antonio Reynoso	Brooklyn/Queens	3	13	\$9,262	16
35	Laurie A. Cumbo	Brooklyn	16	32	\$37,308	48
36	Robert E. Cornegy, Jr.	Brooklyn	1	17	\$0	18
37	Rafael L. Espinal Jr.	Brooklyn	3	6	\$512	9
38	Carlos Menchaca	Brooklyn	4	18	\$449	22

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District #	Council Member	Borough	# of Cases	# of Inquiries	Case \$ of Ombudspersons Impact	Total
39	Brad Lander	Brooklyn	2	21	\$0	23
40	Mathieu Eugene	Brooklyn	17	126	\$87,422	143
41	Alicka Ampry-Samuel	Brooklyn	5	31	\$1,310	36
42	Inez Barron	Brooklyn	5	13	\$7,140	18
43	Justin Brannan	Brooklyn	3	23	\$1,030	26
44	Kalman Yeger	Brooklyn	4	22	\$7,345	26
45	Jumaane D. Williams	Brooklyn	5	35	\$134	40
46	Alan N. Maisel	Brooklyn	0	1	\$0	1
47	Mark Treyger	Brooklyn	13	27	\$56,575	40
48	Chaim M. Deutsch	Brooklyn	14	53	\$51,184	67
49	Deborah Rose	Staten Island	0	6	\$0	6
50	Steven Matteo	Staten Island	2	7	\$20,124	9
51	Joseph C. Borelli	Staten Island	0	1	\$0	1
	Not Available		0	149	\$0	149
Grand Total			351	1,804	\$798,745	2,155

GLOSSARY

Adjusted Gross Income: An individual's total gross income minus specific deductions.

Application for Additional Time to Renew Expired Benefit: A form for applicants who were unable to renew their benefits because they needed more time to file due to a disability or physical or mental impairment.

Application for Additional Time to Renew Lapsed Benefit: A form for applicants who were unable to renew their benefit because they needed more time to file due to a disability or physical or mental impairment and subsequently renewed at a higher rent.

BBL: Borough, block, and lot number. The parcel number system used to identify units of real estate in New York City.

Benefit Takeover Application: A form to apply to take over the benefit of a beneficiary who has died or permanently vacated the apartment.

Dormant DRIE: When DOF is no longer paying the tax abatement credit to the landlord, but a tenant's DRIE benefits are still active in DOF's computer system due to issues with the previous data legacy system.

DRIE: The Disability Rent Increase Exemption provides eligible renters receiving federal disability compensation an exemption from paying most rent increases.

FAIRTAX: DOF's financial system for property taxes and property-related charges. Data are scheduled to be converted to an upgraded property tax system (PTS) in 2019.

Fiscal Year: A 12-month period used for financial reporting. The City's fiscal year runs from July 1 to June 30. Fiscal year 2018, for example, refers to the period from July 1, 2017, through June 30, 2018.

Frozen Rent: The amount of rent the tenant must pay the landlord.

Legal Rent: The maximum rent that a landlord can charge a tenant for a rent-regulated unit.

Mitchell-Lama Development: A limited-profit housing development.

MCI: Major capital improvement, an increase authorized by DHCR to compensate a landlord for the cost of building-wide renovations.

One Shot Deal: A one-time emergency grant to help people who cannot meet an expense due to an unexpected situation or event, administered by HRA.

Pfeffer: Refers to a settled class action regarding Rent Freeze program applicants who could not appeal a decision or renew their application because they needed more time to file due to a

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disability or physical or mental impairment. Such applicants who lost their Rent Freeze benefit or whose rent was refrozen at a higher level can apply to be reinstated.

Preferential Rent: Rent charged by an owner to a tenant that is less than the established legal regulated rent.

Property Tax Credit: A payment for a homeowner that covers part of the previous year's real property taxes.

Redetermination: An application for a redetermination of the tenant's frozen rent amount after a permanent loss of 20% or more of the tenant's combined household income as compared to the income reported in the tenant's last approved application.

Rent-controlled: Residential units with limits in the amount a landlord can charge a tenant for rent. To qualify for rent control, a tenant must have been living continuously in an apartment since July 1, 1971.

Rent Freeze Program: A benefit that "freezes" the rent of eligible senior and disabled renters at the time of enrollment.

Rent Overcharge: Occurs when a landlord charges more than the legal rent-stabilized rent.

Rent-regulated: An apartment or housing unit that is either rent-controlled or rent-stabilized.

Rent-stabilized Apartment: Residential units regulated by law so that rent increases may not exceed a specified amount. In NYC such units are regulated by the Rent Guidelines Board.

RIE: The processing database of record for SCRIE and DRIE applications.

SCRIE: The Senior Citizen Rent Increase Exemption provides eligible seniors 62 and over an exemption from paying most rent increases.

TAC: Tax abatement credit, the amount credited on a landlord's property tax bill for SCRIE or DRIE.

Tenant Representative: A tenant representative or tenant rep is any person designated by a tenant or a court of law to receive a copy of all SCRIE or DRIE notices sent to the tenant. A representative can assist the tenant with the application process.

Total Annual Household Income: The combined income of every person who lives in a household. Includes rental income earned by the owner, but not the income of any renters who live at the property.