



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE

110 WILLIAM STREET, 14TH FLOOR
NEW YORK, NEW YORK 10038
(212) 442-0632 • FAX (212) 442-0350 • EMAIL: ibo@ibo.nyc.ny.us
<http://www.ibo.nyc.ny.us>

Testimony of George Sweeting
For the New York City Council Committee on Housing and Buildings
Hearing on Intro 221-A — Grab Bar Tax Abatement

June 3, 2008

Good morning Chairman Dilan and members of the committee. My name is George Sweeting, and I am deputy director of the New York City Independent Budget Office. Thank you for inviting IBO to testify at today's hearing. At the request of Council Member Gerson, IBO analyzed the fiscal impact of implementing a tax abatement offsetting landlords' costs of installing grab bars for qualified senior citizens and disabled tenants living in rental apartments. That analysis was submitted in a letter to Council Member Gerson in January of this year. My comments today will summarize our letter.

IBO's analysis was largely concerned with estimating the fiscal cost if the city were to exercise its local option to offer a rebate against property tax. The rebate has been authorized under state legislation enacted in 2007. The state law allows the city to provide a property tax rebate equal to a landlord's cost of installing grab bars upon the request of senior and disabled tenants, up to maximums of \$250, \$400, or \$800 per installation, depending on the complexity of the installation.

IBO estimated that with seniors age 60 and older qualified to request a grab bar installation, the cost to the city would be \$6.6 million in each of the first two years and then \$725,000 in subsequent years. We assumed that the initial high expense would be spread over two years as news of the program spread slowly and landlords gradually responded to requests for installations. The on-going annual cost beginning in the third year reflects an assumption of an increasing population of qualifying households who gradually become aware of the program.

Our estimate assumed that there are 440,000 households that would qualify. Note that we were not able to estimate the number of households with qualifying disabled tenants although we do not believe that this substantially affects our cost estimate. We assumed that many disabled who would benefit from grab bars are likely to already have them installed. Moreover, the number of qualifying households with a disabled person is low compared with the number with seniors.

Our cost estimate assumes that only 20 percent of qualifying households would actually request grab bars. This was based on our analysis of participation under the city's Senior Citizen Rent Increase Exemption program, which is only about 40 percent—despite years of education and outreach. Given that reduced rent is beneficial to all qualifying tenants

whereas some who are eligible for a grab bar installation will already have them or not consider them necessary, we expect the take-up rate for the new program to be substantially lower than for SCRIE.

Our estimate assumed a cost of \$150 per installation for labor and materials, although the abatement allows for costs up to \$800 depending on the work involved. Our estimate was based on discussions with groups with experience installing grab bars. We used the highest price that was provided to us.

The actual cost could turn out to be lower if installation costs or take-up rates are lower than expected. It could turn out to be higher if landlords take advantage of the maximums allowed under the law to claim abatements in excess of our assumed installation costs.

Finally, we were asked to look at possible savings to the city if the installation of grab bars averted some health care expenses by helping to prevent falls in bathrooms. It is unlikely that there would be significant savings for the city because most seniors who qualify for the abatement are covered by Medicare, which is entirely federally funded. Although some qualifying seniors probably receive Medicaid, which is partially funded by the city, the city's contribution to Medicaid is now capped so that any reduced costs would not benefit the city budget. We did estimate that there could be savings of up to \$270,000 annually for the Health and Hospitals Corporation (HHC) if the legislation succeeded in preventing falls among some of the uninsured seniors who are served by HHC.

Again, thank you for the opportunity to testify and I would be happy to answer any of your questions.