

**PUBLIC HEARING
THE HOMESTEAD TAX OPTION
FEBRUARY 9, 2016**

Robert Berg, 32 Tisdale Road

Good evening. Last year, you decided it is so important to keep our property tax rolls up to date and to correct perceived inequities and “flaws” from the first revaluation that it is worth spending \$250,000 on a second townwide property tax revaluation in two years. Why is a second revaluation so important to you? Well, as Mayor Mark explained at a Village Board meeting on April 14, 2015, the goal of the revaluation is “to achieve a more equitable allocation of the property tax burden among Village property owners.”

Mayor Mark justified performing a costly second revaluation, stating: “In my view, the present effort represents a good faith attempt to finish off what was largely completed in 2014. In that sense, I view it as an effort to refine what was done utilizing the extensive and current data base compiled in that process. It is expected to eliminate a number, though perhaps not all, of the inequities that may still exist in the allocation of the property tax burden.”

You seem to understand that equity demands that properties having substantially similar market values should pay approximately the same in property tax. That is to say, a house in Fox Meadow valued at \$1 million should pay about the same in property tax as another \$1 million house in Fox Meadow or a \$1 million house in Quaker Ridge. And a \$3 million house in Greenacres should pay about the same property tax as a \$3 million house in Heathcote. Am I right? Who can argue with that?

But how about a \$1.5 million luxury condo unit in Christie Place? Shouldn't that property pay about the same property tax as a \$1.5 million house in Heathcote, Edgewood, or Greenacres? That result seems fair and pretty obvious when you're talking about treating Scarsdale taxpayers equitably, doesn't it? We don't want to discriminate in favor of any one group of Scarsdale

taxpayers at the expense of the rest, right? Isn't that why we're doing all of these expensive revaluations when our streets are falling apart?

But back in 2014, you, the Village Board, unanimously said "Hell no, we do want to discriminate. We want to protect a special group of Scarsdale property owners, the residents of Christie Place. We want to give them a massive property tax break that their friends and neighbors don't get. And we want those friends and neighbors to pay for that tax break."

Boy, that seems utterly at odds with Mayor Mark's goal of eliminating the remaining inequities that still exist in the allocation of the property tax burden. So what am I talking about. I'm talking about this Village Board perpetuating a property tax loophole that grants the owners of the luxury residential condominiums at Christie Place a tremendous discount on their property taxes. In fact, this gaping tax loophole meant that after Christie Place was built in 2008, until the 2015 tax year, the owners of the Christie Place condos were able to pay only 1/3 of the property tax that owners of the same value single family houses must pay. The 2014 revaluation diminished this tax benefit a little. So today, the Christie Place condo owners pay about 1/2 of the property tax on their units that owners of the same value house must pay.

But this tax loophole also means, however, that Scarsdale's taxpayers are subsidizing 1/2 of the property taxes that the Christie Place condo owners would otherwise have to pay – now to the tune of \$563,185 every year, and until 2015, that subsidy was about \$1 million every year.

Why is that? Because in 2014, this Village Board unanimously refused to adopt the Homestead Tax option in connection with the 2014 revaluation. The Homestead Tax option would have closed this unfair tax loophole, and you had the power to adopt it.

Instead, over my vociferous objection, you declared that owners of the 42 luxury condo units in Christie Place are entitled to a special deal not available to the owners of the 5,300 single family residences in Scarsdale. You decided that the Christie Place owners get the Scarsdale Blue

Light Special – a permanent, enormous discount – now worth about 50 percent -- off of their property taxes. And you determined that the rest of Scarsdale’s beleaguered taxpayers, including the several thousand seniors who continue to live in their single family residences, have to foot the bill by paying higher property taxes on their own properties to cover the shortfall.

To me, this situation is fundamentally unfair. The Village Board’s decision two years ago was indefensible and unprincipled. You decided to discriminate grossly in favor of a small class of residents -- some of whom are exceptionally wealthy and all of whom live in luxury, high-end condos -- without any income or asset screening test – just because you felt sorry for them because they might not have known when they bought their apartments that their Blue Light Special might not last forever.

What’s bizarre about your decision then was your desire to protect only this very select group of 55 year old plus residents when your 2014 revaluation was absolutely slamming legions of 55 year old plus residents who live in single family homes – many of whom have seen a doubling of their property taxes. Where’s the equity in that?

That’s why the Advisory Council on Scarsdale Senior Citizens, an official council appointed by the Village Board, UNANIMOUSLY voted to recommend that the Village Board adopt the Homestead Tax option in connection with the 2016 revaluation. The Village Board established this council in order to obtain its advice as to all issues relating to senior citizens in Scarsdale. NOW, LISTEN TO THEM! The Council emphatically stated in its November 17, 2015 Letter to the Village Board that “[i]t is unfair that 42 seniors at Christie place get special tax treatment.” The Council notes: “This is particularly a ‘senior’ issue because many seniors have lived in Scarsdale in older homes for decades and were significantly impacted by the 2014 revaluation, which was designed to assure the ‘equitable distribution of the property tax burden’” and that “Scarsdale Seniors have had no choice but to pay higher taxes if their assessment was raised.”

SCARSDALE'S SENIORS, MANY OF WHOM ARE RETIRED AND WHO HAVE NOT DIRECTLY BENEFITED FROM THE SCHOOLS FOR A COUPLE OF DECADES, FEEL OUR HUGE PROPERTY TAX BURDEN MORE THAN ANY OTHER GROUP. THEY ARE DEMANDING THAT YOU END THE SPECIAL TAX TREATMENT YOU GIVE TO THE CHRISTIE PLACE RESIDENTS BECAUSE IT IS SIMPLY UNFAIR.

Aren't we all in this together? As civic leaders, how can you choose to allow one a huge tax break, while making the other pay up or move out of town?

No one likes to pay more than his or her fair share of property taxes, especially in Scarsdale, which suffers among the highest property tax burdens in the entire country. But no special group should be able to pay LESS than its fair share of property taxes either. Under our non-partisan political system in Scarsdale, we smugly and self-satisfyingly pat ourselves on the back and say we are not beholden to any special interests. We exercise our fiduciary duties and do the right thing for all Scarsdalians. Right? We as a Nation and as a Village operate under the fundamental principle of Equal Protection under the Laws. That means that, as government officials, we don't discriminate in favor of one group or another. We treat all residents as equal under the law. At least, that is how we are supposed to govern.

But that's not how the Village Board is governing. With respect to the Christie Place condo owners, the Village Board failed our residents in 2014, by DISCRIMINATING IN FAVOR of this small group of well-connected, influential residents. That decision to benefit a small, but powerful and vocal group to the detriment of the other taxpayers was a black mark against our tradition of good government.

The Village Board now has an opportunity to erase this black mark and place the Christie Place owners on the same level playing field as the rest of Scarsdale's residential homeowners, basing

their property taxes on the current fair market value of their condos. All the Village Board has to do is enact the Homestead Tax option, which I ask the Board to do.

I must emphasize that I am not asking the Village Board to adopt the Homestead Tax Option to punish the Christie Place owners. I am simply asking that they be treated the same as the 5,300 or so residential homeowners in Scarsdale whose property taxes are assessed based on the fair market value of their homes. The Christie Place owners have already enjoyed five to eight years of massively subsidized property taxes – that’s more than \$7 million in property taxes that they have had other Scarsdale taxpayers pay for them. That gravy train needs to be stopped now.

There is simply no principled reason by which you can justify such a “rob Peter to pay Paul” approach to governance in the Village of Scarsdale.

While the impact on the Christie Place residents will undoubtedly be harsh and the resulting monetary benefit to the non-Christie Place owners relatively slight (about \$100 per property per year on average), that balancing analysis cannot control your decision here, as it did in 2014. Enactment of the Homestead Tax Option will eliminate a tax loophole that has unfairly benefited the Christie Place condo owners since sales began in 2008.

Residents who feel badly for the Christie Place residents are free to contribute to a “Save the Christie Place Residents Property Tax Subsidy Fund” which they can create, but as government officials, you should not impose such an involuntary equivalent upon Scarsdale’s property owners. The bottom line, then, is that you need to be true to the fundamental principles of fairness and equity to all Scarsdale taxpayers. Thank you, and I hope you’ll do the right thing.