To: Michael Kink, Executive Director of the Strong Economy for All Coalition
From: Graham Rogers
Date: May 6, 2019
Subject: Assessing the Impact of a Pied-à-Terre Tax to Finance NYC Public Transit

I. Executive Summary

The New York City Subway faces a mobility crisis and significant funding shortfall for necessary capital investments. This memo analyzes the merits of a pied-à-terre tax to support the financing of public transit in New York City. Implementing a pied-à-terre tax on wealthy owners of secondary homes in the city is imperative to create a new, reliable revenue stream that will shore up the underfunded subway infrastructure. This memorandum provides a detailed overview of the policy debate surrounding such a tax including a recommendation for its structure, analysis of potential impacts, results from similar initiatives in international cities, political dynamics, and alternative options for funding sources.

II. Background

The New York City Subway is operated by the New York City Transit Authority, a subsidiary of the Metropolitan Transportation Authority (MTA). In December 2018 the Metropolitan Transportation Sustainability Advisory Workgroup issued a report detailing recommendations to ameliorate the "mobility crisis" facing the New York metropolitan region. According to the Workgroup, MTA will require $41 to $60 billion in capital funding needs for 2020-2024, a substantial increase compared to the $33 billion funded for the 2015-2019 Capital Plan. Despite being legally required to break even, MTA "is projecting a deficit that could reach $1 billion by 2022, even with regular fare and toll increases." [i] In June 2017 Governor Cuomo declared a state of emergency for New York City's mass transit system.[ii]

In 2014 a bill was introduced to authorize a pied-à-terre tax, but it has since languished in the state legislature. A recent sale of a $238 million condo in New York City and corresponding furor over the low property taxes faced by the owner has reignited interest in and support for a pied-à-terre tax as a part of a comprehensive solution package to more sustainably fund the MTA. [iii]

III. The Pied-à-Terre Tax

In 2017 the New York City Housing and Vacancy Survey estimated that 75,000 vacant units of housing were unavailable for rent or sale because they were held for occasional, seasonal, or recreational use.[iv] Similarly, NYC Department of Finance reported nearly 89,000 co-ops and condos with owners for whom the unit is not a primary residence. These non-primary residences, or pieds-à-terre, have an estimated market value of $20 billion according to the current state-mandated assessment method that uses the income of comparable rental buildings to determine the value of co-ops and condos. [v] As a result of this decades-old state law, the most expensive units are assessed well below market value because comparable rental buildings simply do not exist. According to the New York City Independent Budget Office (IBO), the overall city valuation for condos and co-ops are just 20 percent of what it would be under a sales-based market valuation method. [vi] These inequities in the property tax system are the impetus for a pied-a-terre tax proposal.

Design

The pied-à-terre tax would require amending New York State real property law to allow cities with populations greater than one million to impose additional property taxes on residential properties. Senate Bill S44 has been introduced by Sen. Brad Hoylman to accomplish this exact purpose. The proposed bill would also change the definition of "market value" to require a comparable sales-based valuation method. The proposed tax structure outlined in Figure 1 includes a sliding tax surcharge that would apply to all secondary residences valued above $5 million, with added fees for residences worth more than $6 million.[vii] These proposed tax rates come directly from Sen. Hoylman's bill and are thus used to estimate the financial impact of a pied-à-terre tax.

Figure 1: Senate Bill S44 Marginal Tax Rate Structure

Market Value of Apartment	Proposed Tax
$5,000,001 - $6,000,000	$0 plus .5% of excess over $5 million
$6,000,001 - $10,000,000	$5,000 plus 1% of excess over $6 million
$10,000,001 - $15,000,000	$45,000 plus 1.5% of excess over $10 million
$15,000,001 - $20,000,000	$120,000 plus 2% of excess over $15 million
$20,000,001 - $25,000,000	$220,000 plus 3% of excess over $20 million
$25,000,001+	$370,000 plus 4% of excess over $25 million

Financial Impact

In 2014 the Fiscal Policy Institute (FPI) estimated that a pied-à-terre tax in New York City would generate $665 million annually from the estimated 1,556 secondary residences worth more than $5 million. The highest tax rate of 4 percent would apply to just 445 of those units but would account for $551 million (83 percent of the total levy).[viii] The city comptroller, Scott M. Stringer, has estimated a similar impact of $650 million annually were the tax enacted today.[iii] Governor Cuomo and Robert Mujica, the state budget director, have estimated that New York could raise $9 billion in bonds backed by this expected revenue stream.[ix]

The $665 million estimate is likely conservative because it does not include the as-yet undefined number of single family homes that meet the $5 million value threshold. Additionally, FPI's initial proposal did not include the fee component that is a key part of Senate Bill S44. The additional fees ($370,000 for each pied-a-terre valued above $25 million) would increase the annual revenue estimate by nearly $165 million.

Jonathan Miller, President and CEO of the real estate appraisal and consulting firm Miller Samuel Inc., estimates a significantly lower tax yield. Based on his calculations, the impacted housing stock from a pied-à-terre tax would generate just $455 million (30 percent less than the $650 million estimate), *assuming the tax would not impact consumer behavior of the wealthy.*[x] Mr. Miller believes this is an unreasonable assumption, and that the combination of the pied-à-terre tax and new federal tax law will push wealthy real estate owners out of New York and into lower tax states like Florida.

Social Impact (Fairness/Equity)

I recommend a pied-à-terre tax in New York City to help correct inequities in the housing market and property tax assessment system. More than 63,000 New York residents live in homeless shelters, while 30 percent of city households pay more than half of their income on rent.[xi] The policy is intended to make a dent in the city's housing shortage by returning units to the rental pool and disincentivizing developers from building exorbitantly expensive luxury apartments. It will also help address the regressive nature of New York City's real property tax burden as displayed in Figure 2 on page six. A pied-à-terre tax would raise the effective tax rates of the highest-earning households from 1.1 percent to rates comparable to those faced by households earning $50,000 and $75,000 (4.6 percent and 3.5 percent, respectively).

The policy recommendation also addresses fairness concerns by levying a tax on owners who do not pay the New York City personal income tax due to their non-resident status, and thus contribute far less to the local economy than the benefit they accrue by investing in the lucrative real estate market. Additionally, approximately 750,000 people must ride the subway at least an hour to get to work, the majority of whom make less than $35,000 annually.[xii] One transit funding expert and retired professor of UC Berkeley believes "the fairest and most efficient way to radically transform the transit offerings is to pass on charges to the beneficiaries – the landowners."[xiii] NYU engineers estimate that proximity to a subway adds $3.85 per square foot to commercial property value.[xiv]

Concerns

The Citizens Budget Commission (CBC) has raised several problematic aspects of the proposed tax. [xv] First, it does not address the root cause of the existing disparities within New York City's flawed property tax structure and is therefore "not a substitute for real property tax reform that increases equity."[1] Second, the tax policy will make New York City less attractive to nonresident property owners who spend money when visiting the city but use less city services than full-time residents. Third, the proposed tax will negatively impact the luxury housing market, depressing property values and therefore making the expected revenue of the tax overly optimistic.[2] Finally, the CBC argues that revenues generated through a pied-à-terre tax should not be dedicated to fund the MTA, but rather should be allocated through the budget process. I find this last concern to be moot if the legislature passes the proposed tax and chooses to dedicate the revenue to the MTA.

The Partnership for New York City, a nonprofit organization representing the city's business leadership and largest private sector employers, has recently cautioned that the tax will not be well-received by the business community and may further push the wealthy to reconsider living in the city.[ix] With the state and city already being high tax jurisdictions, combined with the uncertainty surrounding the elimination of state and local deductibility, there is a potential for the real estate investment appetite of high earners to be dampened by a pied-à-terre tax.

New York City Hall has previously raised a concern that a 2015 Supreme Court decision, "Comptroller of the Treasury of Maryland v. Wynne," would present a constitutional barrier to a pied-à-terre tax due to the "dormant Commerce Clause," a doctrine which prevents states from discriminating against interstate commerce or imposing an undue burden on interstate trade. This

---

[1] The New York City Advisory Commission on Property Tax Reform was launched in May 2018 to evaluate all aspects of the current property tax system including the methods of determining property market values and assessments. The pied-à-terre tax policy is a valuable stopgap measure until the tax system can be comprehensively overhauled, which will take significant time and political will.

[2] The statistically significant negative effect of property taxes on house values supports this concern. Property tax capitalization will lower the market value of pieds à-terre, thus generating lower tax revenue.

concern appears to be misplaced as long as the proposal taxes all qualifying secondary residences rather than apartments specifically owned by out-of-state nonresidents. New York State already taxes non-primary residences at a higher rate than primary residences under the STAR property tax exemption for owner-occupied primary residences. The STAR system has been upheld by the courts against arguments that it unconstitutionally favors New York residents over nonresidents, since the program bases eligibility on whether a home is a primary residence, not whether the owner is a New York resident. [xvi]

One additional, albeit lesser, concern of a pied-à-terre tax is that it runs counter to the benefit principle since the owners of secondary residences in New York City are not the ones riding the subways. However, these owners *will* benefit from decreased auto congestion, which will occur if the public transit system can accommodate increased ridership and operate more efficiently. These improvements will not materialize without additional funding. The proposed tax may depreciate high-end property values in the short term, but those losses may be counteracted in the long run if the policy is effective and achieves its intended goals.

IV. Evidence from Other Governments

Several major international cities levy additional taxes on second-home owners with varying degrees of success. In June 2015 France implemented a law requiring a 20 percent surcharge on all homes that do not serve as primary residences. This law affects nearly one-tenth of the 1.1 million homes in the official city limits. If all 100,000 pieds-à-terre remained secondary residences, the city estimated its revenue would increase from €20 million to €63. In January 2017 Paris increased its surtax on second homes from 20 percent to 60 percent, effectively causing owners to pay one and a half times the property taxes paid by owners of primary residences.[xvii]

In 2016 the United Kingdom implemented a 3 percent surcharge in the transfer tax for second homes. Real estate experts have linked this tax to a subsequent softening in the London market.[xviii] More specifically, Camden (in North London) has established a 50 percent surcharge on the local council tax for homes remaining empty for at least two years in order to discourage absentee ownership and incentivize owners to place their properties on the rental market.[xix]

In 2017 Vancouver, Canada implemented an empty homes tax of one percent of the assessed value of the property. The tax is meant to encourage homeowners to make unused properties available for rent in a housing market with a near-zero vacancy rate. Initial results show the number of vacant properties fell by 15 percent in the first year, with more than half of the volume of previously empty homes being placed on the rental market.[xx] The tax generated $38 million in its first year of implementation, which is $8 million more than original projections. The revenue is earmarked for affordable housing initiatives.[xxi] City hall is now considering an increase of the tax, with the current mayor advocating for a tripling of the tax during his recent election campaign.

In Hong Kong, nonpermanent residents pay a 15 percent fee upon purchasing residential property plus an additional fixed 15 percent stamp duty. According to Mansion Global, this double duty "helps deter foreign buyers, except those for whom price isn't a factor."[xxii]

V. Political Considerations

There is burgeoning political support for a pied-à-terre tax in New York City, especially with Democrats taking control of the New York State Senate for the first time in a decade. At the state level Governor Cuomo has deemed it “the least objectionable tax.” [xxiii] Locally, the speaker of the New York City Council, Corey Johnson, has said the tax has wide support among fellow members due to the poor condition of vital infrastructure like the subways.[ix] The city comptroller admits $650 million is a significant amount of money to address the subway crisis, “but it’s a rounding error for the people who own these expensive part-time apartments.”[iii] The tax has broad political appeal because it affects nonresidents who do not vote but have the ability to pay. [xv]

The Real Estate Board of New York and other commercial real estate lobbying interests oppose a pied-à-terre tax, arguing that it will disrupt the construction market while negatively impacting jobs and prices.[xxiv]

VI. Alternatives

Any permanent, sustainable funding structure of the MTA will rely on an amalgam of discrete revenue streams. Proposed funding sources have included tax money from marijuana legalization, congestion pricing generated by taxing vehicles entering Manhattan south of 60th Street, land value capture, and subway station sponsorships. To briefly summarize, congestion pricing would generate an estimated $810 million annually and has been unanimously endorsed by the MTA and Governor Cuomo. Land value capture would allow New York City to reap some of the benefits from real estate development that collocates with subway lines. Since the New York City subway system has largely been in place for 100 years, this strategy would rely on major expansions like the 7 train extension, which brought subway service to the newly developed Hudson Yards. The Hudson Yards development has gained the city more than $500 million in bonuses by allowing developers to build past a certain height, and the payments in lieu of taxes are expected to generate $112 million annually. Subway station sponsorships would offer advertising or naming rights to corporations. Governor Cuomo has proposed annual fees of $400,000 for Manhattan stations and $200,000 for outer borough stations, although interest has thus far been limited.[xiii]

VII. Recommendations

New York State lawmakers should proceed with passing legislation designed to address the capital funding shortfalls faced by the MTA. A pied-à-terre tax in New York City is the recommended course of action as it has the dual benefit of causing wealthy, absentee property owners to pay their fair share of taxes and improving the mobility crisis facing the New York metropolitan region. Ideally, the policy will also improve the city’s affordable housing crisis by disincentivizing the development of luxury co-ops and condos while returning empty residences to the rental market. State Senate Bill S44 is a good starting point for negotiations, although concessions may need to be made to assuage the fears of powerful real estate industry groups in New York City. This could be accomplished by lowering the proposed tax rates but broadening the affected base to include all single family secondary residences worth more than $5 million. The Strong Economy for All Coalition can be an important change agent in this policy debate given its composition of effective unions and community organizations working to achieve fair-share tax policies.

Figure 2: New York City Local Tax Burden, by Income for a Typical Four-person Household

	Percent of Income			
Income	**Personal income tax**	**Local sales tax**	**Real property tax**	**TOTAL**
$25,000	-0.6%	2.1%	8.8%	10.3%
$50,000	1.8%	1.7%	4.6%	8.1%
$75,000	2.4%	1.5%	3.5%	7.4%
$100,000	2.5%	1.3%	2.9%	6.7%
$250,000	3.1%	0.8%	2.1%	6.0%
$500,000	3.2%	0.7%	2.7%	6.6%
$1,000,000	3.5%	0.6%	2.1%	6.2%
$2,000,000	3.7%	0.5%	1.6%	5.8%
$5,000,000	3.8%	0.4%	1.1%	5.3%

Note: Typical four-person household including two adults and two dependents. Property tax is only for owner-occupied housing, i.e., no assumption is made about the share of property taxes included in rent.

Source: New York State Office of Tax Policy, *New York State Tax Burden Study*, Prepared for the New York State Tax Reform and Fairness Commision, Final Report, Nov. 2013, pg. A-18.

Annotated Bibliography

[i] MTSAW. Metropolitan Transportation Sustainability Advisory Workgroup Report. December 2018. Accessed March 18, 2019. https://pfnyc.org/wp-content/uploads/2018/12/2018-12-Metropolitan-Transportation-Sustainability-Advisory-Workgroup-Report.pdf

The Metropolitan Transportation Sustainability Advisory Workgroup (MTSAW) is a panel established under the 2018-2019 New York State Budget and tasked with making recommendations to improve and fund public transit in the New York City region. Its members is made up of various appointments made by the New York State Senate and Assembly, Governor Cuomo, Mayor De Blasio, and New York State Department of Transportation. MTSAW acknowledges the contributions of 34 professional experts, government officials and staff in its December 2018 report. These contributors represent highly-respected consulting, construction, and architecture/engineer firms like EY, Deloitte, BCG, Parsons Corporation, and WSP; major think tanks like the Manhattan Institute for Policy Research; and higher education institutions like NYU's Marron Institute of Urban Management. The report is therefore well-researched and offers thorough recommendations to resolve the funding and operational crisis facing the regional transit system. MTSAW suggests significant changes in organizational structure, operations and management practices of the MTA as well as independent verification of cost projections and better oversight of execution on the MTA's capital program.

[ii] Fitzsimmons, Emma. (2017). "Cuomo declares a state of emergency for New York City subways." *The New York Times.* June 29, 2017. Accessed May 4, 2019. https://www.nytimes.com/2017/06/29/nyregion/cuomo-declares-a-state-of-emergency-for-the-subway.html

This article discusses Governor Cuomo's decision, in the aftermath of a train derailment, to sign an executive order declaring a state of emergency while pledging an additional $1 billion to the MTA's capital improvement plan and easing procurement rules to make it easier for the MTA to buy necessary equipment. Governor Cuomo also ordered the MTA chairman to provide a reorganization plan within 30 days. Most importantly, the article references Governor Cuomo calling on state lawmakers to identify new funding sources for the subway, which lends import to the pied-à-terre tax proposal. *The New York Times* is a highly respected news source having won more Pulitzer Prizes than any other newspaper.

[iii] Mays, Jeffery. "The $238 million penthouse provokes a fierce response: Tax it." *The New York Times.* February 9, 2019. Accessed March 18, 2019. https://www.nytimes.com/2019/02/09/nyregion/pied-a-terre-tax-ny.html?module=inline

This article suggests that a record purchase of a New York City condo – more than $100 million above the cost of the next most expensive home in the United States – may be the catalyst for passing a bill that would create a pied-à-terre tax in New York. *The New York Times* is a highly respected news source having won more Pulitzer Prizes than any other newspaper.

[iv] Gaumer, E. Selected Initial Findings of the 2017 New York City Housing and Vacancy Survey. New York, NY: New York City Department of Housing Preservation and Development;

2018. Accessed March 18, 2019. https://www1.nyc.gov/assets/hpd/downloads/pdf/about/2017-hvs-initial-findings.pdf

The findings of the 2017 Housing and Vacancy Survey (HVS) are based on data from the 2011, 2014, and 2017 HVSs, which were sample surveys. Therefore, the findings are subject to sample and non-sampling errors. A footnote in the publication notes that further information on the statistical reliability of data from the 2017 HVS is expected to be available to the public in the summer of 2018. It appears that information is available at the following site: https://www2.census.gov/programs-surveys/nychvs/technical-documentation/source-and-accuracy/source-2017.pdf. The NYCHVS is a longitudinal survey conducted about every three years. The main sample of the survey is selected each decade, with additional new units selected in each subsequent cycle. For the decade 2010-2010, the main sample was selected after the 2010 Decennial Census, with additional sample units selected in 2011, 2014, and 2017. The 2017 HVS produced estimates about New York City's housing inventory, rental vacancies, incomes, rents, rent-income ratios, crowding, and housing and neighborhood conditions.

[v] Parrot, James. "FPI proposes a tax on the most expensive NYC pied-à-terre residential units." *Fiscal Policy Institute.* September 22, 2014. Accessed March 18, 2018. http://fiscalpolicy.org/fpi-proposes-tax-on-most-expensive-nyc-pied-a-terre-residential-units

This proposal from the former Deputy Director and Chief Economist of the Fiscal Policy Institute (FPI) outlines the rationale for taxing high-end pieds-à-terre and uses estimates from the NYC Department of Finance and Independent Budget to estimate the financial impact of a graduated tax levied on coops and condos with a comparable sales-based market value of at least $5 million. The proposal estimates that $665 million could be generated from the 1,556 coops and condos owned by non-primary residents with a sales-based market value in excess of $5 million. Mr. Parrott is a highly respected economist as evidenced by being selected to serve on Governor Cuomo's Tax Reform and Fairness Commission and the New York City Advisory Commission on Property Tax Reform. He is currently the Director of Economic and Fiscal Policies at the Center for New York City Affairs at The New School's Milano School of Policy, Management, and Environment.

[vi] Harris, Elizabeth A. "As prices soar to buy a luxury address, the tax bills don't." *The New York Times*. October 15, 2012. Accessed March 18, 2019. https://www.nytimes.com/2012/10/16/nyregion/many-high-end-new-york-apartments-have-modest-tax-rates.html

This article discusses disparities between the sales prices, assessments, and property taxes of luxury condos and co-ops in New York City. In one example, an $88 million apartment at 15 Central Park West had to pay just $59,000 in property taxes despite Manhattan's average tax rate being 0.78 percent, which would amount to $686,000 in property taxes. The article primarily ascribes the disparities to the nonsensical valuation system for high-end apartment sales, but also discusses the 421a program which allow developers to pass on big tax breaks to condo buyers if they build or help finance affordable housing. *The New York Times* is a highly respected news source having won more Pulitzer Prizes than any other newspaper.

[vii] New York (State). Legislature. Senate. *An act to amend the real property tax law, in relation to imposing an additional tax on certain non-primary residences…* S44. 2019-2010 Regular Sessions. January 9, 2019. Accessed March 18, 2019. https://www.nysenate.gov/legislation/bills/2019/s44

Senate Bill S44 was sponsored by New York State Senator Brad Hoylman, a Democrat representing some of the wealthiest neighborhoods in Manhattan. Senator Hoylman is also Chairman of the Senate Committee on Judiciary. The bill has 17 co-sponsors indicating solid support.

[viii] Rubinstein, Dana. "Could de Blasio do a pied-à-terre tax?" *Politico.* September 22, 2014. Accessed March 18, 2019. https://www.politico.com/states/new-york/city-hall/story/2014/09/could-de-blasio-do-a-pied-a-terre-tax-016002

This 2014 article preempts the release of the Fiscal Policy Institute's report recommending that the de Blasio administration levy a tax on expensive pieds-à-terre. Interestingly, the article quotes the president of the Partnership for New York City as being "very receptive to" this tax proposal as part of a larger tax reform package to streamline the tax code and lessen its burden on small businesses. The very same president has since taken a different position and is currently opposed to the pied-à-terre tax. Dana Rubinstein is a senior reporter for POLITICO New York who has written for Bloomberg Businessweek, the Wall Street Journal, the New York Times, the New York Observer, and the Brooklyn Paper.

[ix] Mays, Jefferey and Jesse McKinley. "Lawmakers support 'pied-à-terre tax on multimillion-dollar second homes." *The New York Times.* March 11, 2019. Accessed March 18, 2019. https://www.nytimes.com/2019/03/11/nyregion/mta-subways-pied-a-terre-tax.html

The article provides an update on the earlier Mays report, indicating that key legislative leaders and Governor Cuomo have signed off on the concept of using a pied-à-terre tax as a funding source for the New York City subway system. The State Senate and Assembly were expected to include a version of the tax in upcoming budget proposals. The authors discuss the specifics of the proposal and its potential financial impact. *The New York Times* is a highly respected news source having won more Pulitzer Prizes than any other newspaper.

[x] Miller, Jonathan. "The proposed NYC "pied-a-terre tax" looks catastrophic to NYC real estate." *Miller Samuel Inc., Matrix Blog.* March 19, 2019. Accessed May 6, 2019. https://www.millersamuel.com/the-proposed-nyc-pied-a-terre-tax-looks-catastrophic-to-nyc-real-estate/

Jonathan Miller is a New York State-certified real estate appraiser who serves on the New York City Mayor's Economic Advisory Panel representing the residential real estate sector and the New York State Budget Division Economic Advisory Board. He is an Adjunct Associate Professor of Architecture, Planning and Preservation in the Master of Science in Real Estate Development (MSRED) Program at Columbia University teaching market analysis, and co-authored a research paper for NYU School of Law and the NYU Wagner Graduate School of Public Service's Furman Center for Real Estate and Urban Policy titled "The Condominium v. Cooperative Puzzle: An Empirical Analysis of Housing in New York City, published in 2007 by the Journal of Legal

Studies at the University of Chicago." Although this source is a blog post, it includes detailed financial projections using various holding period and discount rate assumptions to estimate the incremental value impact of the proposed pied-à-terre tax. This is by far the most mathematically detailed source available on the proposed tax. Although I disagree with some of the normative judgments and reasons for why the proposed tax will not achieve its intended goal of funding MTA improvements, the article must be taken seriously based on the author's expertise and credentials.

[xi] Neuwirth, Robert. "247,977 stories in the vacant city, priced out of reach for most renters. The *Daily News.* March 25, 2018. Accessed March 18, 2019. https://www.nydailynews.com/opinion/247-977-stories-vacant-city-priced-reach-article-1.3892656

This article is referenced to help establish the severe homelessness and affordable housing issues facing many New York City residents. The *Daily News* has won eleven Pulitzer Prizes over its history. Robert Neuwirth's articles have appeared in the *New York Times, The Washington Post, Forbes, The Nation,* and *Newsday.*

[xii] Dwyer, Jim. "The subways made them rich. Is it time for them to pay up?" *The New York Times.* December 14, 2017. Accessed March 18, 2019. https://www.nytimes.com/2017/12/14/nyregion/mta-funding-real-estate-value-capture.html

This article covers the prospects of using land value capture to improve services for address disparities that exist between landowners being the primary beneficiaries of proximity to subway stations compared to primary users of the subway system who are often low-income individuals that must commute long distances. *The New York Times* is a highly respected news source having won more Pulitzer Prizes than any other newspaper.

[xiii] Surico, John. "The many ways to fund New York City's big subway fix. January 2, 2019. Accessed March 18, 2019. https://www.citylab.com/transportation/2019/01/fix-new-york-city-subway-mta-funding-congestion-pricing/579262/

This article provides a detailed consideration of the various tools New York City has at its disposal to generate funds that can go towards properly maintaining its transit system. It is useful since no individual revenue source will be sufficient to cover the shortfall of MTA's capital funding needs. CityLab is the urban-focused site of *The Atlantic*, which has previously been named one of the top ten English-language magazines by the *Chicago Tribune.* John Surico is a freelance journalist and researcher who covers New York City transit for VICE and frequently contributes to the *New York Times.*

[xiv] Plitt, Amy. "To fix ailing subway system, experts say MTA should get funding from rising property values." *Curbed NY.* January 29, 2018. Accessed May 5, 2019. https://ny.curbed.com/2018/1/29/16945210/mta-nyc-subway-repairs-value-capture-nyc-property-tax

This article is included as a source to provide evidence that landowners benefit significantly from being located near a subway station. Its main focus is the proposition to use value capture to tax these building owners whose property values appreciate because of subway proximity. *Curbed* is a real-estate blog network under the ownership of Vox Media. This memo uses a single piece of information from the article, which is directly sourced to the findings of NYU engineers.

[xv] Champeny, Ana, Andrew Rein, and Maria Doulis. "Pied-à-terre tax appealing but problematic." *Citizens Budget Commission.* March 13, 2019. Accessed March 18, 2019. https://cbcny.org/research/pied-terre-tax

The Citizens Budget Commission is a nonpartisan, nonprofit civic organization whose mission is to achieve constructive change in the finances and services of New York City and New York State government. This specific article cautions against the State adopting a pied-à-terre tax without thoughtful deliberation about whether it is needed and revision of the proposal to mitigate the negative impacts. The authors propose lower tax rates as an alternative to the pied-à-terre tax in order to maintain the attractiveness of New York City. The article is a balanced and reasonable assessment of the merits of the tax proposal weighed against the potential drawbacks. The main author of the article is the former Director of Property Tax Analysis in the Division of Tax Policy at the NYC Department of Finance and former Supervising Analyst for Housing, Environment, and Infrastructure at the NYC Independent Budget Office. The article was therefore drafted by individuals with significant expertise in housing and tax policy.

[xvi] Schierenbeck, Alec. "A pied-à-terre tax is smart policy – and it's constitutional." *City & State New York*. July 4, 2018. Accessed March 18, 2019. https://cityandstateny.com/articles/opinion/commentary/manhattan-pied-a-terre-tax-smart-policy-constitutional.html

This commentary about the constitutionality of a New York City pied-à-terre tax was written by a current law clerk to the Supreme Court of the United States. It is impossible to predict the courts' rulings in a hypothetical case, but it is still an important vote of confidence for the proposal from a seemingly qualified attorney.

[xvii] O'Sullivan, Feargus. "Paris is tripling its tax on second homes." *CityLab.* January 26, 2017. Accessed March 18, 2019. https://www.citylab.com/equity/2017/01/paris-france-property-taxes-vacation-homes/514496/

CityLab is the urban-focused site of *The Atlantic*, which has previously been named one of the top ten English-language magazines by the *Chicago Tribune.* The co-founder and editor at large of CityLab is a university professor in the University of Toronto's School of Cities and Rotman School of Management, and a distinguished fellow at New York University's Schack Institute of Real Estate. This article discusses the tripling of Paris's surtax on second homes including well-sourced details on the associated financial implications, trends in the local housing market, and a quote from Paris's Housing Secretary. The author of the article has previously contributed to *The Guardian*, *The Times*, *The Financial Times*, and *Next City*, among other publications.

[xviii] Strum, Beckie. "New York City could levy a pied-à-terre tax." *Mansion Global.* February 11, 2019. Accessed March 18, 2019. https://www.mansionglobal.com/articles/new-york-city-could-levy-a-pied-a-terre-tax-121461

This article is included to highlight the potential negative impacts of a pied-à-terre tax, particularly the creation of a real estate market with more sellers than buyers. Mansion Global is a digital platform providing content about the global real estate market. It is part of Barron's Group, which comprises publications including Barron's magazine, MarketWatch and Financial News.

[xix] "Non-resident property ownership around the world." *The Real Estate Institute of British Columbia (REIBC).* Spring 2018, Volume 46, Number 1.
https://www.reibc.org/_Library/Input_Magazine/input-spring-2018.pdf

This article covers surcharges imposed on North London for homes left vacant for at least two years. The coverage of this policy notes that it has had the intended effect of reducing the number of vacant properties in the housing market. REIBC is a member-based organization that acts as an umbrella group for people in all segments of the real estate industry. This particular publication is a professional, comprehensive look at global non-resident property ownership and includes more than 50 references.

[xx] The Canadian Press. "City of Vancouver says 2018 empty homes tax eased tight rental market." *CBC News.* February 6, 2019. Accessed March 18, 2019.
https://www.cbc.ca/news/canada/british-columbia/city-of-vancouver-says-2018-empty-home-tax-cut-number-of-homes-sitting-vacant-1.5008365

This article is included as a reference in order to demonstrate the potentially positive impacts of an empty homes tax on cities with housing shortages. CBC News is Canada's publicly owned news and information service. CBC/Radio-Canada holds itself to the highest standards of journalistic practices.

[xxi] Larsen, Karin. "Empty homes tax not helping rental crisis, generating millions more for Vancouver: report." *CBC News*. November 29, 2018. Accessed March 18, 2019.
https://www.cbc.ca/news/canada/british-columbia/empty-homes-tax-not-helping-rental-crisis-generating-millions-more-for-vancouver-report-1.4925994

This article is an earlier analysis of the Vancouver empty homes than the directly preceding source. Based on limited data from the first year of the policy's implementation, the author determines that the intended impact of getting under-utilized properties onto the rental market has fallen short of expectations. Despite this underachievement, the policy has generated more revenue than expected. CBC News is Canada's publicly owned news and information service. CBC/Radio-Canada holds itself to the highest standards of journalistic practices.

[xxii] Wong, Brenda G. "How does Hong Kong's new stamp duty proposals affect buying multiple properties?" *Mansion Global.* May 11, 2017. Accessed May 3, 2019.
https://www.mansionglobal.com/articles/how-does-hong-kong-s-new-stamp-duty-proposals-affect-buying-multiple-properties-62289

This article provides a source for Hong Kong's policy of levying additional taxes on nonpermanent residents who purchase real estate. The author notes that this policy may not deter the wealthiest individuals for whom price is not a deciding factor. Mansion Global is a digital platform providing content about the global real estate market. It is part of Barron's Group, which comprises publications including Barron's magazine, MarketWatch and Financial News.

[xxiii] Reisman, Nick. "Cuomo says tax on wealthy's second homes 'least objectionable'." *Capital Tonight*. March 6, 2019. Accessed March 18, 2019. https://www.nystateofpolitics.com/2019/03/cuomo-says-tax-on-wealthys-second-homes-least-objectionable/

This article is used solely to establish Governor Cuomo's support of a pied-à-terre tax. *Capital Tonight* is a broadcast covering New York State politics. Its blog, STATE of POLITICS, provides breaking political news from the Capitol, City Hall, and across New York State.

[xxiv] Hall, Miriam. "'This will kill demand': CRE players fear pied-à-terre tax would break NYC's residential market." *Bisnow New York*. March 20, 2019. Accessed March 22, 2019. https://www.bisnow.com/index.php/new-york/news/economy/pied-a-terre-98088

This article discusses the real estate industry's efforts to stop the proposed tax from being enacted due to concerns that it will "kill demand" for high-end condo developments. It includes a quote from the president of Halstead Property Development Marketing that "the city can't afford another tax on real estate" since buyers have already been discouraged due to the reduction in the amount of state and local taxes (SALT) that can be written off after the 2017 tax overhaul. Bisnow is a digital media company focusing on commercial real estate news and events. It has been described as a more irreverent version of Business Insider, although this particular article is serious in nature with input from industry experts. The author holds an MA in Journalism from the Columbia Journalism School and was previously a staff reporter at the Australian Broadcasting Corporation.