



**Bill de Blasio, Mayor**

**Jacques Jiha, Ph. D., Commissioner**

# **ANNUAL REPORT**

**The SCRIE and DRIE Ombudspersons**

**New York City Rent Freeze Program**

**The NYC Office of the Taxpayer Advocate**

**October 1, 2019**



**Department of Finance**

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Jacques Jiha, Ph. D.  
Commissioner

October 1, 2019

Hon. Corey Johnson  
Speaker, New York City Council  
250 Broadway, Suite 1856  
New York, NY 10007

Dear Speaker Johnson:

I am pleased to present to the New York City Council the 2019 *Annual Report of the New York City SCRIE and DRIE Ombudspersons*.

The commissioner of the New York City Department of Finance is required to provide this annual report on the activities of the SCRIE and DRIE ombudspersons, including statistics on the inquiries and cases handled by the office. I am proud to share with you the many improvements our agency has made with input from the ombudspersons.

The Department of Finance established the SCRIE and DRIE ombudsperson positions pursuant to local law in 2015. Since then, the ombudspersons have assisted 6,857 members of the public, including 1,971 in the fiscal year ending June 30, 2019.

This report details actions taken by the Department of Finance with regard to the recommendations of the 2018 annual report, which was submitted to the city council on October 1, 2018. It also outlines additional issues that were identified during this reporting period and makes recommendations to address them. Finally, you will find "success stories" involving constituents who have benefitted from the ombudspersons' assistance.

The SCRIE and DRIE ombudspersons are an integral part of the Department of Finance and contribute greatly to our mission, helping our agency to be more transparent and provide better customer service. We look forward to our continued partnership on behalf of all New Yorkers.

Sincerely,

A handwritten signature in black ink, appearing to be "Jacques Jiha", written over a circular stamp or seal.

Jacques Jiha, Ph.D.  
Commissioner

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**New York City Office of the Taxpayer Advocate**  
**The SCRIE and DRIE Ombudspersons**  
**Fiscal Year 2019 Annual Report**  
**(Reporting Period July 1, 2018 – June 30, 2019)**

**Executive Summary**

In the following pages, you will find the fourth annual report of the Senior Citizens Rent Increase Exemption (SCRIE) and Disability Rent Increase Exemption (DRIE) ombudspersons. SCRIE and DRIE are collectively known as the New York City Rent Freeze Program. The SCRIE and DRIE ombudsperson positions were established under Local Law 40 in 2015. The ombudspersons are located within the Office of the Taxpayer Advocate, which reports directly to the commissioner of the Department of Finance (DOF). The ombudspersons are mandated by law to annually produce this report, discussing the operational issues of the Senior and Disabled Programs Unit and recommending policy changes for the Rent Freeze Program.

With this report, the SCRIE and DRIE ombudspersons summarize the legislative and administrative changes impacting the Rent Freeze Program from July 1, 2018, through June 30, 2019. In addition, the report provides the volume and description of the ombudspersons' work during the past fiscal year. Lastly, the report summarizes the fiscal year 2018 recommendations and provides 11 recommendations for the upcoming fiscal year to further improve the Rent Freeze Program for participants.

The ombudspersons wish to support and acknowledge the significant developments implemented by the Rent Freeze Program during the past year and thank DOF Commissioner Jacques Jiha for his support.

Further information about the Rent Freeze Program is available at [www.nyc.gov/rentfreeze](http://www.nyc.gov/rentfreeze). Information about the Office of the Taxpayer Advocate is available at [www.nyc.gov/taxpayeradvocate](http://www.nyc.gov/taxpayeradvocate).

## **Part I:**

### **Introduction**

The New York City Department of Finance (DOF) manages and administers the New York City Rent Freeze Program. The Rent Freeze Program is comprised of two benefits, the Senior Citizen Rent Increase Exemption (SCRIE) Program and the Disability Rent Increase Exemption (DRIE). The program helps eligible participants remain in affordable housing by freezing their rent. A property tax credit covers the difference between the actual rent amount and the frozen rent paid by the program participant.

As reported in the *2018 Report on the New York City Rent Freeze Program*, there were 56,658 SCRIE households and 11,952 DRIE households receiving assistance under the Rent Freeze Program. In 2016, the most recent year for which data is available, the average household age was 73.6 for SCRIE and 57.5 for DRIE. In addition, the average household size was 1.5 for SCRIE and 1.4 for DRIE.

#### ***A. Operations of the Rent Freeze Program Ombudspersons***

Section 11-137 of the New York City Administrative Code establishes ombudspersons for SCRIE and DRIE. The duties of the ombudspersons, or ombuds, include establishing a system to receive complaints related to the Rent Freeze Program, investigating and responding to those complaints, and making recommendations to the 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 Office of the Taxpayer Advocate and DOF's External Affairs Division. These are opportunities for the public to meet DOF representatives one-on-one, to learn more information, and to bring documents for an initial assessment.

Members of the public can visit the ombudspersons in person, or reach the office by telephone, by email, or by 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 on all required SCRIE and DRIE forms and notices, including those 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 situations.

Nearly 88% of the inquiries received by the ombudspersons during the 2019 fiscal year were received through the SCRIE and DRIE ombudspersons webmail boxes or via 311 referral.

#### **B. *Annual Report to NYC Council***

Local Law 40 of 2015 requires the Department of Finance to submit an annual report to the New York City Council no later than October 1. This is the fourth report. As stipulated by the legislation:

*No later than October first of each year, the department shall submit a report to the council indicating the number and nature of any written or verbal inquiries received by the ombudsperson and any recommendations made by the ombudsperson to the commissioner regarding the administration of the senior citizen rent increase exemption. Such data shall also be disaggregated by Council District.*

#### **C. *Legislative and Administrative Changes Impacting the Rent Freeze Program***

During this reporting period, several legislative and administrative changes affected the Rent Freeze Program and participants, as outlined below.

##### **Recent Legislative Changes:**

In June 2019, the state approved the Housing Stability and Tenant Protection Act of 2019. The law includes the following major changes that impact the Rent Freeze Program:

- Preferential rent will now be permanent (except for federal housing projects).
- The major capital improvement (MCI) cap of 6% decreased to 2%. In addition, there is a narrower definition of MCIs. The Division of Housing and Community Renewal (DHCR) must provide an explanation for an MCI approval or denial.
- Fuel cost charges were eliminated, and yearly maximum collectible rent (MCR) increases were capped.

##### **DOF Administrative Changes:**

- Beginning August 2018, the units administering the Rent Freeze Program and the SCHE and DHE homeowner exemptions merged to become the Senior and Disabled Programs (SDP) Unit.
- The NYC Department of Finance launched a customer contact center on July 1, 2019, making it easier for Rent Freeze participants to speak to a live representative regarding benefit and application status inquiries. Individuals who contact 311 are transferred to the contact center during the hours of 8:30 a.m. to 4:30 p.m., Monday through Friday.

## Part II:

### Statistics for the Reporting Period from July 1, 2018, through June 30, 2019

#### A. Total Inventory

From July 1, 2018, through June 30, 2019, the ombudspersons assisted SCRIE and DRIE applicants by handling a total of 1,538 inquiries and 433 cases. Cases generally involve more time, attention, and research than inquiries do. During fiscal year 2019, the ombudspersons saw a decrease of 8.5% in total work volume from the previous fiscal year. However, the total number of cases increased by 23%. One possible explanation for the inquiry and case trends this year is the heightened awareness and familiarity of applicants with the process; more applicants now contact the ombuds with complicated issues, as opposed to simpler questions to which the answers are readily accessible elsewhere. The chart below shows the three-year work volume trends:

	FY 2017	FY 2018	FY 2019
<b>SCRIE</b>	<b>1,227</b>	<b>1,638</b>	<b>1,300</b>
Case	199	247	291
Inquiry	1,028	1,391	1,009
<b>DRIE</b>	<b>462</b>	<b>517</b>	<b>671</b>
Case	85	104	142
Inquiry	377	413	529
SCRIE/DRIE Case Count	284	351	433
SCRIE/DRIE Inquiry Count	1,405	1,804	1,538
<b>Combined Total</b>	<b>1,689</b>	<b>2,155</b>	<b>1,971</b>
Year-Over-Year Change	62.1%	27.6%	-8.5%

## B. Inventory by Source

The charts below show the breakdown of referrals received via our two main channels, email and phone calls, including 311 transfers. Email is the method used most often to contact the ombudspersons, representing approximately 72.3% of all workflow in 2019 (compared with 64.5% in 2018). The total volume received from email increased by 2.4% between 2018 and 2019. The number of cases received by email increased by 20.7% between 2018 and 2019, and the number of cases received by 311 or direct phone call increased by 24.5%. The total volume of inquiries decreased by 2.1% via email and by 35.3% via 311 and direct phone calls.

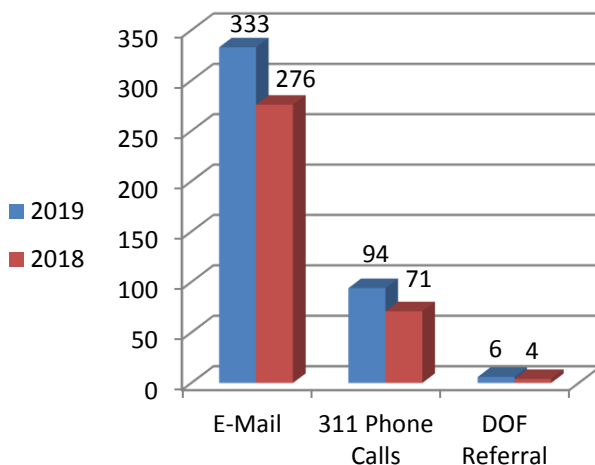
***Fiscal Year 2019 SCRIE and DRIE Combined Statistics***

SCRIE / DRIE	Inquiries	Cases	Totals	% Inquiries	% Cases	% of Total Work
E-Mail	1092	333	1,425	76.6%	23.4%	72.3%
311/Phone Calls	442	94	536	82.5%	17.5%	27.2%
DOF Referral	4	6	10	40.0%	60.0%	0.5%
<b>Total</b>	<b>1,538</b>	<b>433</b>	<b>1,971</b>	<b>78.0%</b>	<b>22.0%</b>	<b>100.0%</b>

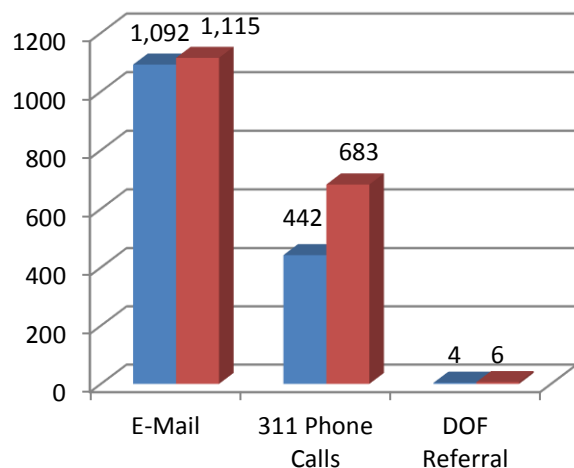
***Fiscal Year 2018 SCRIE and DRIE Combined Statistics***

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%
<b>Total</b>	<b>1,804</b>	<b>351</b>	<b>2,155</b>	<b>83.7%</b>	<b>16.3%</b>	<b>100.0%</b>

**Number of Cases**



**Number of Inquiries**





### c. SCRIE and DRIE Breakdown for Fiscal Year 2019

Below is a breakdown of the individual SCRIE and DRIE ombudsperson workload for FY19. Overall, the combined SCRIE and DRIE numbers this year were less than last year's combined total. However, the DRIE ombudsperson program grew by more than 29% compared to 2018, of which the corresponding increases are 36% in cases and 28% in inquiries. The combined SCRIE ombudsperson workflow decreased by 18%, while the SCRIE case totals increased by more than 17%. The decrease in SCRIE inquiries is attributed to improved training and outreach by the agency's Outreach and Property Exemptions Administration units. Once more, the increase in ombuds cases is attributable to the resolution of less complex matters by other means.

#### *Fiscal Year 2019 SCRIE Statistics*

SCRIE	Inquiries	Cases	Totals	% Inquiries	% Cases	% of Total Work
E-Mail	693	225	918	75.5%	24.5%	70.6%
311 Phone Calls	313	61	374	83.7%	16.3%	28.8%
DOF Referral	3	5	8	37.5%	62.5%	0.6%
<b>Total</b>	<b>1,009</b>	<b>291</b>	<b>1,300</b>	<b>77.6%</b>	<b>22.4%</b>	<b>100.0%</b>

#### *Fiscal Year 2019 DRIE Statistics*

DRIE	Inquiries	Cases	Totals	% Inquiries	% Cases	% of Total Work
E-Mail	399	108	507	78.7%	21.3%	75.3%
311 Phone Calls	129	33	162	79.6%	20.4%	24.4%
DOF Referral	1	1	2	50.0%	50.0%	0.3%
<b>Total</b>	<b>529</b>	<b>142</b>	<b>671</b>	<b>78.8%</b>	<b>21.2%</b>	<b>100.0%</b>

#### *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%
<b>Total</b>	<b>1,391</b>	<b>247</b>	<b>1,638</b>	<b>84.9%</b>	<b>15.1%</b>	<b>100.0%</b>

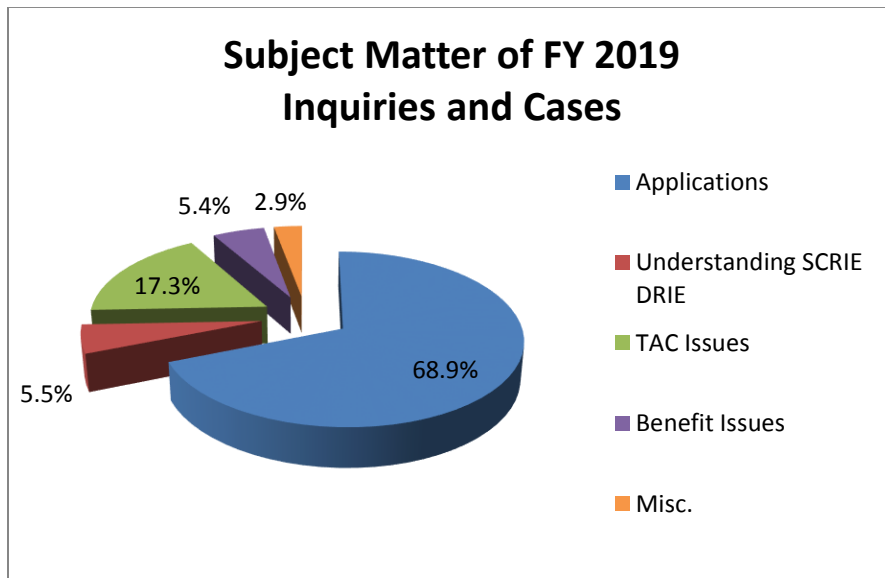
#### *Fiscal Year 2018 DRIE Statistics*

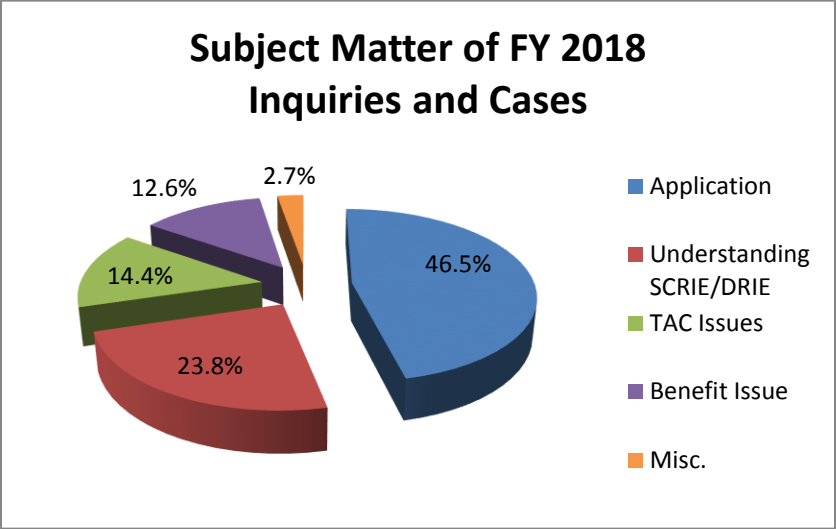
DRIE	Inquiries	Cases	Totals	% Inquiries	% Cases	% of Total Work
E-Mail	246	91	337	73.0%	27.0%	65.2%
311 Phone Calls	165	13	178	92.7%	7.3%	34.4%
DOF Referral	2	0	2	100.0%	0.0%	0.4%
<b>Total</b>	<b>413</b>	<b>104</b>	<b>517</b>	<b>79.9%</b>	<b>20.1%</b>	<b>100.0%</b>

#### D. Ombuds Subject Matter Inventory

Combining both cases and inquiries, the ombudspersons' workflow can be subdivided into five major categories: applications, understanding SCRIE and DRIE, tax abatement credit (TAC) issues, benefit issues, and miscellaneous. Nearly 69% of the ombudspersons' workflow represented issues related to application processing in 2019, compared to 46.5% in 2018. Applications-related inquiries consisted of application status, application updates, and document submission; cases involved the ombudspersons' intervention when applicants experienced processing delays. Application processing remains the number one reason customers contact the ombuds each year.

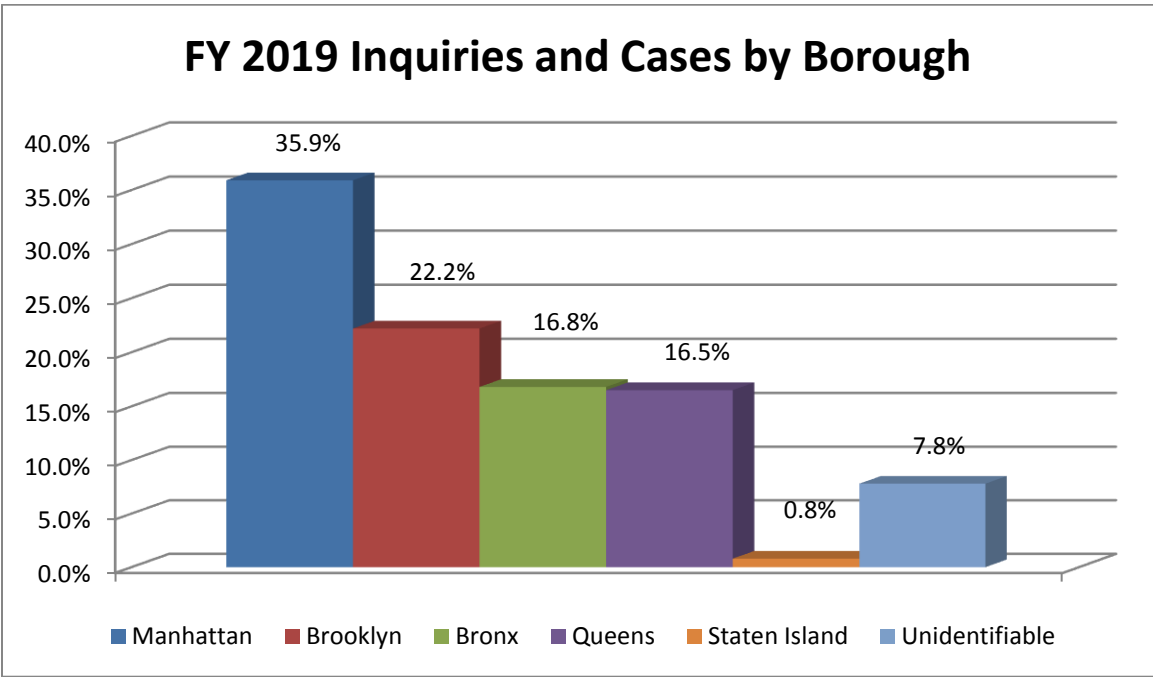
TAC issues were the second major category of work this year, with a slight increase from 14.4% to 17.3%. In 2018, understanding SCRIE and DRIE was the second largest, with 23.9%, but this category experienced a significant decrease in 2019 to 5.4% of total workflow. This decrease is also attributed to DOF's efforts to educate the public through train-the-trainer sessions—in which organizations are trained on the Rent Freeze Program—and various outreach events run by DOF's External Affairs Division, in which the ombuds often participated. We also attribute the decrease to further advertisement of the literature, forms, and program updates publicly available on DOF's Rent Freeze website.





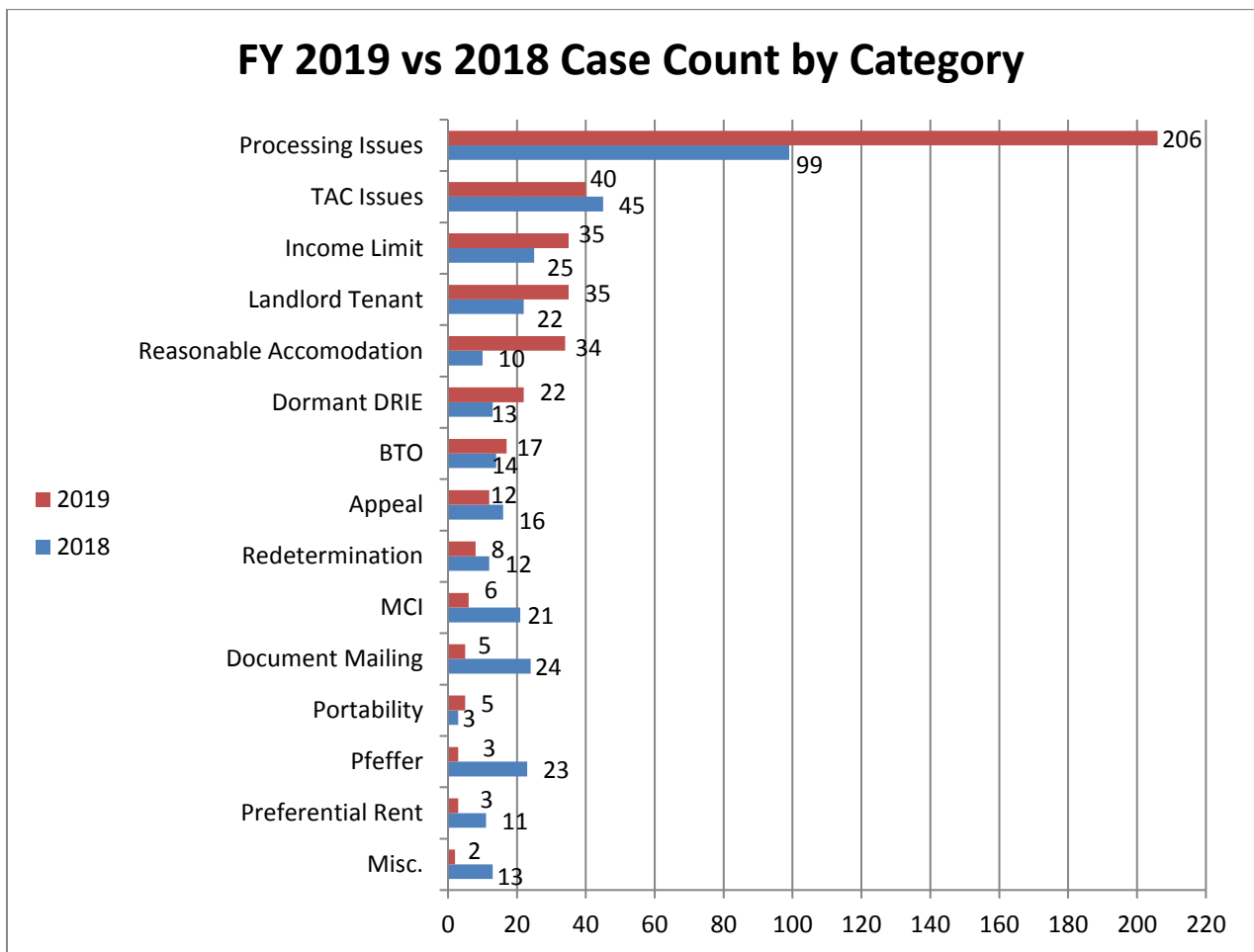
**E. Source of Inquiries and Cases by Borough**

The ombudspersons’ caseload reflects the location of rent-regulated units in New York City. Manhattan represented the highest volume of work for the ombudspersons, followed by Brooklyn, the Bronx, and Queens. Staten Island does not represent many inquiries, as rent-regulated units are less common there. Below is a chart showing the percentage of this year’s SCRIE and DRIE ombudspersons’ inquiries and cases by borough. Inquiries without an application or from people outside of the five boroughs are categorized as “unidentifiable.”



## F. Breakdown of Cases by Defined Categories for Fiscal Year 2019

The increase in cases from 351 in fiscal year 2018 to 433 in fiscal year 2019 is most likely attributable to two factors. First, application processing delays more than doubled, and constitute nearly half of all cases. This is a result of various competing issues. Among the following are the most common: incorrect lease time frames; applicants supplying both the “no renewal” and “new lease” documents and receiving a 0% increase in legal rent; and data reconciliation issues. In addition, reasonable accommodation or extension of time cases increased this year, and although these cases are reviewed by DOF’s Equal Employment Opportunity Office, the ombudspersons played a significant role in advising applicants of the required steps in this process, as well as following up with the SDP Unit to ensure processing upon EEO approval.



## Key

**Appeals:** Appeal cases which have been denied by the Compliance Unit or involve customers seeking assistance in getting documents to the Compliance 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 applies 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 related to income and includes cases in which applicants earn more than \$50,000 or spend less than one-third of their 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 IV).

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

**Preferential Rent:** Homes & Community Renewal defines "preferential rent" as a rent that an owner agrees to charge that is lower than the legal regulated rent the owner could lawfully collect. We freeze the rent at the preferential rent amount when the preferential rent agreement is for the life of the tenancy.

**Reasonable Accommodation:** Applicants who need a reasonable accommodation in order to access benefits available under the Rent Freeze Program. Such 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 III:**

### **Recommendations**

#### ***A. Implementation and Status of Fiscal Year 2018 Recommendations***

In the 2018 annual report, the ombudspersons made seven recommendations for corrective measures. A summary of those recommendations follows.

##### **1) DRIE to SCRIE Transfer**

***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.***

**DOF Response:** The operational unit has acknowledged that some DRIE program participants request to switch their benefit to SCRIE when they become 62. In a meeting with the Office of the Taxpayer Advocate, the SDP Unit expressed concerns about categorically switching all age-eligible DRIE participants to SCRIE for the following reasons:

- There is no programmatic benefit to the participant to switching programs.
- Creating a new docket number will restart the five approved benefit periods requirement to receive a short-form renewal application.
- Creating a new docket number will remove any grandfathered status of tenants previously not subject to the one-third income requirement upon renewal.

Due to reasons provided, the option to switch from DRIE to SCRIE is best conducted on a case-by-case basis. Participants should be informed about the possible impacts of the short form or one-third income grandfathered status so that they are fully informed about the process. A transfer application is available on the Rent Freeze website for any participants who wish to switch programs, but, in order to minimize unintended consequences, it is not advisable to add the option to the DRIE renewal application.

##### **2) Increased Rent Freeze Outreach**

***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 conduct more strategically targeted partnerships. The ombudspersons also recommend more outreach to advise landlords of the Landlord Express Access Portal (LEAP), which provides important information for landlords and managing agents of buildings with SCRIE and DRIE tenants.***

DOF Response: DOF's External Affairs Division agrees. The agency is partnering with groups involving potential Rent Freeze beneficiaries, including veterans associations, the SNAP task force, and other public and private organizations focused on senior and disabled populations. DOF continues to expand its marketing strategy by advertising events in newspapers and including them on Rent Freeze correspondence, as well as scheduling events at or near DOF's higher-volume business centers in Brooklyn and Queens.

3) **Major Capital Improvements**

*Recommendation: The ombudspersons recommend that DOF request that DHCR send a copy of approved MCIs to the [SDP Unit]. By receiving this information directly from DHCR, DOF will be able to include MCI adjustments automatically and mitigate landlord-tenant issues caused by missing MCI documents.*

DOF Response: The recommendation will be noted for any future discussions regarding data sharing with DHCR. In addition, the new legislation has impacted MCIs. DHCR has not yet issued guidance for interpreting the law going forward.

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

*Recommendation: The ombudspersons recommend that DOF create a one-third income palm card that explains this income requirement for program applicants and participants.*

DOF Response: DOF's External Affairs Division agrees. DOF is in the development stage of adding such a card to its arsenal of outreach material.

5) **Consideration of Household Size**

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

DOF Response: DOF is attempting to move forward with a standard income definition that is similar to the one qualifying taxpayers for the state's STAR exemption (*see* New York Real Property Tax Law § 425). The STAR income definition does not consider household size.

6) **Timeliness of Appeal Determinations**

*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 [of] an acknowledgment letter stating that the appeal form has been received and is under review.*



DOF Response: Processing time is expected to decrease following the soon-to-be-released revised appeal application. The operational unit is awaiting approval on language for an acknowledgement letter for all received applications.

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

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

DOF Response: Due to the complexity of processing these applications to comply with the legal stipulation, select staff has been working on applications. As of the date of publication of this report, 1339 Pfeffer cases have been processed and only 25 outstanding applications remain to be reviewed.

B. ***Recommendations for the Current Reporting Period, Fiscal Year 2019***

During the reporting period of July 1, 2018, to June 30, 2019, the ombudspersons have analyzed and identified 11 new issues. The following recommendations are the result of the analysis to further improve the Rent Freeze Program.

1) **Benefit Takeover**

Among the qualifications for a benefit takeover, an applicant must have been listed as a household member on the current primary benefit recipient's application and named on either the lease or rent order or granted succession rights. However, it is possible for an applicant who was not listed as a household member on the SCRIE or DRIE form, but was listed on the lease, to be approved for a benefit takeover. DOF's Property Division has agreed to add additional data fields that will automatically capture that information; however, tenants should also be aware of their BTO rights.

***Recommendation: DOF should include language on the benefit takeover application explaining how additional leaseholders can exercise their benefit takeover rights, including leaseholders not listed on the prior Rent Freeze applications.***

2) **Approval Notices**

In cases where tenants submitted insufficient documentation, encompassing about half of initial applications and about a third of renewals, the SDP Unit sometimes grants initial benefits several months after an application has been received, especially when the docket has been pended by the processing unit. During the multiple months it takes to process a completed initial application, tenants continue to pay the full legal rent while working with the SDP Unit to get their benefits approved. Upon approval, tenants are uncertain about if and how they would receive the credit of overpayment from the landlord based on the application effective date, which predates the

approval date of the SCRIE or DRIE benefits. For tenants who have completed an extension of time application, the time gaps between the approval date of the application and effective date of the application are even longer.

*The Freeze Your Rent Guide* informs participants and landlords that landlords are legally required to continue Rent Freeze Program benefits for six months after a benefit expires, even if the participant has not renewed yet. However, although this information is provided in the guide, it is not stated on the approval notices mailed to participants and landlords. This affects participants who may be billed for SCRIE or DRIE payments upon expiration of their benefit but have not yet renewed.

***Recommendation: Approval notices should include a statement indicating that a credit for the months following the benefit effective date should be issued to initial applicants if the full legal rent was paid. As long as the tenant qualifies, the notice should also state that the tenant has the right to pay the frozen rent for six months following the expiration of benefits.***

### 3) New Ineligibility Form

According to the *2018 Report on the NYC Rent Freeze Program*, the Rent Freeze Program loses approximately 330 participants to attrition every month, of whom 65% failed to renew their benefits despite the six-month grace period. While the failure to renew may be attributed to a change in the participants' situation, the reasons are still unknown. Although there is a form for landlords to provide notification of a participant's ineligibility for Rent Freeze benefits, there is no form for participants or their family members to provide this information. This information is currently provided via email or mail notification. However, since no instructions are provided for this process, participants may deem it unnecessary to close their SCRIE accounts.

***Recommendation: DOF should create a tenant form that permits participants or family members to provide notification of a participant's ineligibility (due to income, death, a move, Section 8, etc.) for the Rent Freeze Program. This form would also allow SCRIE to track attrition data and would be similar to the "Landlord/Managing Agent Notification of Tenant's Ineligibility" form.***

### 4) Modify Change Form

The SDP Unit has an application titled "Property Change Form for Managing Agent or Building Owner Information" to update the property owner information or the managing agent information in the SCRIE and DRIE processing system. Letters are primarily sent to the managing agent address in the system. The SDP Unit will not use a submission for an update to the property owner information unless managing agent information is not entered but would not modify the owner address for other communications from the Department of Finance. Managing agent information

is most important for the Rent Freeze Program in order to accurately credit tenants with Rent Freeze benefits.

***Recommendation: The “Property Owner Information” section should be removed from the SCRIE/DRIE Property Change Form, as it only updates internal systems. Alternatively, DOF should provide a link to update property and billing information for PTS.***

5) **Public Engagement Unit (PEU) Annual Training**

During fiscal year 2019, the ombudspersons fielded more than 319 cases and inquiries from NYC Human Resources Administration (HRA) and Public Engagement Unit (PEU) regarding document submission, application status, and SCRIE-DRIE policy. PEU consists of front-line staff who assist SCRIE and DRIE participants with their application submission and inquiries.

***Recommendation: The SDP Unit should conduct annual training with HRA’s Public Engagement Unit to review Rent Freeze policies and procedures and to discuss recurring issues posed by Rent Freeze participants.***

6) **HRA/CityFHEPS**

HRA has streamlined seven rental assistance programs—five Living In Communities programs (LINC I, II, III, IV, and V), Special Exit and Prevention Supplement (SEPS), and City Family Exit Plan Supplement (CITYFEPS)—into one program called City Fighting Homelessness and Eviction Prevention Supplement (CityFHEPS) (see Title 68, Chapter 10 of the Rules of the City of New York). CityFHEPS is a rental assistance program aimed at keeping individuals and families in their homes. HRA is the agency responsible for determining a tenant’s eligibility to be part of both the Rent Freeze Program and CityFHEPS. DOF should closely monitor potential impacts on the Rent Freeze Program.

***Recommendation: The Department of Finance should issue official guidance concerning protocols and procedures for taxpayers eligible to receive both CityFHEPS and enroll in the Rent Freeze Program.***

7) **Rent Freeze Website**

The Rent Freeze website was set up at the recommendation of the commissioner as a one-stop-shop to provide tenants with easier access to information rather than having to navigate from the agency’s homepage. The site was also used to encourage tenants to apply to the Rent Freeze Program. For landlords, DOF created the Landlord Express Access Portal and maintains separate webpages for property owners and managing agents, but landlords need to complete a separate search or use a separate link to get this information. Landlord information is not as easily searchable, and there is no simple, easily publicized URL. Often the issue impacting SCRIE and DRIE is one that involves the landlord-tenant relationship, as opposed to being siloed as a landlord or tenant issue.

***Recommendation: The Department of Finance should explore altering the Rent Freeze website to include a landlord tab on the drop-down listing of sub-items interested parties can click on. This would allow for both tenants and landlords participating in the Rent Freeze Program to access and understand information concerning the programs on a single website.***

8) **Redetermination**

Tenants who suffer a 20% permanent loss in combined household income can apply for a redetermination of their frozen rent amount. However, there are instances in which tenants are not granted a redetermination after applying. The rules for redetermination decisions made by the Department of Finance are not publicly accessible. Currently, the ombudspersons understand that two reasons for which redeterminations are granted consistently are death of a household member and retirement, but there is no such transparency provided to the public outside the agency. Providing public guidance would allow applicants to better understand the agency's decision-making regarding redetermination.

***Recommendation: The SCRIE and DRIE redetermination applications should include language that makes it clearer to applicants that, while other circumstances will be considered, the death or retirement of a beneficiary or household member are the typical circumstances for which a redetermination is granted. This recommendation would be a temporary resolution to the issue while the Department of Finance's Legal Affairs Division works to more specifically define redetermination rules and guidelines.***

9) **Social Security Disability Income**

The Department of Finance treats income paid by Social Security as income for the year that it was paid. However, although Social Security breaks down the amount of income attributable to a previous calendar year, there are instances in which beneficiaries receiving Social Security Disability Insurance (SSDI) will receive a lump-sum payment which includes previous years. Such lump sums, because they are counted the year they were paid rather than the year they were accrued, can affect applicant eligibility. This treatment of Social Security income will continue to have an impact on Rent Freeze applicants if the Department of Finance does not alter the way it treats multi-year SSDI payments. At present, applicants may need to wait another year to be granted benefits, or they may see their frozen rent amount increased because of the one-third of monthly income rule for SCRIE and DRIE beneficiaries who enrolled in the program after July 1, 2015. Conversely, SSDI beneficiaries receiving a lump-sum payment may elect to tax the portion of the payment attributable to back years in accordance with the year it was accrued, per IRC § 86(e).

***Recommendation: The SDP Unit should determine if it can legally attribute SSDI income to the year that it was accrued rather than to the year that it was paid, and if so, do so.***

10) **Apartment Transfer (Portability) and 1/3 Rule**

Rent Freeze benefits can be transferrable when a tenant moves to a new apartment. However, SCRIE and DRIE applicants are denied the portability of their existing tax abatement credits when the new apartment's legal rent is lower than their current legal rent. This fact is not mentioned in the Rent Freeze Program guide or on the SCRIE and DRIE applications. In addition, applicants enrolled in either the SCRIE or DRIE program prior to July 1, 2015, who apply for portability with a new legal rent lower than their current legal rent would also become subject to the one-third income rule, which can cause the portability applicant to be ineligible for SCRIE or DRIE benefits.

***Recommendation: The Department of Finance should update the Rent Freeze guide as well as the benefit transfer application to explain to SCRIE and DRIE portability applicants that if their new legal rent is lower than the previous legal rent, they may end up paying more in rent.***

11) **Notification Regarding Lease Expiration**

As shown in this report, 68.9% of inquiries and cases received by the ombudspersons addressed application processing issues. In addition, the ombudspersons are often contacted for assistance in completing a renewal application if an initial application was approved in the last two months of the lease for the initial benefit. Many applicants complain of having to worry about the mail being received by the Department of Finance, among other issues.

As a matter of initiating policy, the ombudspersons proposed to the SDP Unit that if the initial benefit is approved in the last three months of the lease term, the next period lease is provided, and there is no need for income documents, the subsequent lease period should be approved with the initial one. The SDP Unit agrees and has made this part of standard processing.

***Recommendation: The Department of Finance should create a publicly available rule formalizing the procedure that allows the approval of renewal benefits without a renewable application for leases expiring within a month of filing the initial application.***

## **Part IV:**

### **Success Stories**

#### **1) SCRIE Benefit Takeover and Redetermination**

During the first half of 2019, the SCRIE ombudsperson successfully appealed a benefit takeover and redetermination that helped an applicant remain in her home. In January 2019, the attorney for a 75-year-old disabled woman contacted the SCRIE ombudsperson to appeal the denial of her benefit takeover application. The applicant, a veteran of the Civil Rights Movement and a victim of domestic abuse, was denied because she was not listed as a household member on the primary applicant's application. Over the next few months, the ombudsperson worked with the attorney to obtain documents to support the nature of the applicant's relationship, as well as medical records and income for the applicant income portion. The SCRIE ombudsperson was able to assess the documents and ensure that their review was completed on time to prevent further financial and mental strain on the part of the customer. On the last day of April, the landlord granted the applicant succession rights, and her benefit was reinstated and approved. The SCRIE certification for the year ending December 31, 2019, saved the applicant \$14,543.04. Upon approval, the ombudsperson also advised the attorney that the applicant may be eligible to have her frozen rent *further* reduced, as her income had permanently decreased by at least 20%. As with all cases serviced by the SDP Unit, a thorough and complete review of the current status of each applicant's account is an important practice to ensure that the best possible outcomes are delivered. In this case, a redetermination was subsequently approved, resulting in an added savings of \$2,877.21 and an overall net savings of 68% off her unfrozen rent.

#### **2) SCRIE Revocation**

Completing the appeal process is often tedious, overwhelming, and frustrating. Applicants contact the SCRIE and DRIE ombudspersons to learn the precise reasons for a denial and a breakdown of the information as it corresponds to an application. If an issue is to be discovered, it is during this review process. A 62-year-old tenant filed an appeal and contacted the SCRIE ombudsperson after her SCRIE was revoked because she did not appear to meet the one-third monthly income requirement. After comparing her initial and appeal applications, the ombudsperson uncovered two critical income-calculation errors that contributed to the SCRIE revocation. First, the applicant's business income was counted twice. Next, the income calculation did not include the self-employment tax deduction. The ombudsperson provided calculation details to the Compliance Unit to expedite review, including highlighted screenshots and examples of correctly processed applications. DOF reversed the tenant's SCRIE revocation, resulting in a savings of \$1,521.60 over the course of her two-year renewal period.

### 3) **SCRIE Recertification**

Reaching qualified individuals and providing quality service at times involves more than interdepartmental coordination. In the case of a 90-year-old SCRIE tenant's recertification and award of \$13,387.68, the ombudspersons coordinated with the Compliance Unit, External Affairs Division, and LiveOn NY. The impetus for the case was a benefit revocation due to recertification failure, as well as a number of constricting health and service conditions. The tenant had filed an appeal and, as part of a standard renewal process, the Compliance Unit mailed a renewal application requesting 2017 income to verify eligibility. However, the applicant has severe inoperable cataracts and was unable to make copies of her documents because her neighborhood stores did not provide copying services. The applicant filed a complaint with the Human Rights Commission to ensure that she received additional accommodations. Thus, the SCRIE ombudsperson and the deputy director of outreach in DOF's External Affairs Division arranged for a social worker from LiveOn NY to visit the applicant's home that very week to expedite her case. The ombudsperson reviewed the documents and acted as a liaison with the Compliance Unit, which subsequently reinstated the benefit, resulting in a two-year savings of \$13,387.68. Moreover, a permanent solution to avoid further delays for the tenant was agreed upon, as LiveOn NY agreed to be the tenant's representative for all future correspondence.

### 4) **Adjusted BTO**

Time is a crucial element when negotiating the hurdles of receiving, submitting, processing, and granting final case determinations. While individual cases experience their own cycle time, some individuals may require extended assistance over a prolonged period as a result of multiple issues. For these individuals, consistent work progress, customer service, and first-hand knowledge of ongoing issues plays a crucial role in expediting claims and alleviating concerns.

In this example, the ombudsperson received an inquiry in April 2019 from a DRIE beneficiary about his frozen rent from a benefit takeover application he completed for his mother's benefits in February 2016. The ombudsperson discovered that the initial frozen rent of \$766.17 was incorrect, and he should have had his mother's SCRIE docket's previous frozen rent amount of \$300. Unbeknownst to the beneficiary at the time, a lapse in the transference of succession rights from landlord to tenant converted his 2016 BTO application into an initial application. DOF adjusted the benefits, granting the DRIE beneficiary two credits totaling \$19,076.97: one for \$12,084.42 for the lease periods covering January 1, 2016, through February 28, 2018, and the other for \$6,992.55, covering the current lease period to date, March 1, 2018, through May 1, 2019.

5) **Dormant DRIE Dockets and Notices from SDP Unit**

The volume and variability of cases in a city the size of New York presents unique challenges to developing and maintaining automated systems that aid staff in providing timely and accurate services. While invaluable, timed submissions and calculation lapses occur occasionally and can cause undue stress when a beneficiary receives conflicting notices.

A dormant DRIE applicant was puzzled at receiving a revocation letter despite having supplied the necessary documents to the SDP Unit through the ombudsperson several months prior. The applicant was also working with a representative from the Public Engagement Unit at HRA who notified the ombudsperson of the revocation notice. Since the ombudsperson had proof of document submission, the SDP Unit was able to confirm that the revocation notice was sent in error. Three months after clearing up the revocation notice issue, the dormant DRIE benefits were approved retroactive to May 2011 through April 2020, resulting in a total tax abatement credit payment of \$14,739. The applicant was thankful for the effort and assurances during the three-month window between the clarification on the wrongful notice and the application of retroactive benefits.



### 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	11	25	\$454	36
2	Carlina Rivera	Manhattan	19	41	\$18,604	60
3	Corey Johnson	Manhattan	23	49	\$53,583	72
4	Keith Powers	Manhattan	7	43	\$25,908	50
5	Ben Kallos	Manhattan	17	58	\$26,074	75
6	Helen Rosenthal	Manhattan	18	56	\$49,291	74
7	Mark Levine	Manhattan	22	62	\$86,218	84
8	Diana Ayala	Manhattan/Bronx	3	18	\$26,357	21
9	Bill Perkins	Manhattan	10	50	\$17,561	60
10	Ydanis Rodriguez	Manhattan	46	129	\$172,294	175
11	Andrew Cohen	Bronx	12	53	\$3,095	65
12	Andy King	Bronx	6	15	\$7,577	21
13	Mark Gjonaj	Bronx	5	22	\$5,826	27
14	Fernando Cabrera	Bronx	12	47	\$8,866	59
15	Ritchie J. Torres	Bronx	9	47	\$32,697	56
16	Vanessa L. Gibson	Bronx	18	32	\$43,317	50
17	Rafael Salamanca, Jr.	Bronx	4	13	\$6,338	17
18	Ruben Diaz, Sr.	Bronx	7	30	\$11,922	37
19	Paul Vallone	Queens	3	9	\$0	12
20	Peter Koo	Queens	17	30	\$25,014	47
21	Francisco Moya	Queens	9	19	\$22,040	28
22	Costa Constantinides	Queens	4	10	\$1,447	14
23	Barry Grodenchik	Queens	3	5	\$39,261	8
24	Rory I. Lancman	Queens	6	24	\$2,413	30
25	Daniel Dromm	Queens	12	27	\$32,935	39
26	Jimmy Van Bramer	Queens	11	23	\$4,163	34
27	I. Daneek Miller	Queens	1	4	\$5,539	5
28	Adrienne E. Adams	Queens	0	0	\$0	0
29	Karen Koslowitz	Queens	19	56	\$46,583	75
30	Robert Holden	Queens	1	14	\$0	15
31	Donovan J. Richards	Queens	1	4	\$0	5
32	Eric A. Ulrich	Queens	2	12	\$2,730	14
33	Stephen T. Levin	Brooklyn	3	16	\$1,068	19
34	Antonio Reynoso	Brooklyn/Queens	6	30	\$9,980	36
35	Laurie A. Cumbo	Brooklyn	2	24	\$0	26
36	Robert E. Cornegy, Jr.	Brooklyn	2	9	\$0	11
37	Rafael L. Espinal, Jr.	Brooklyn	3	13	\$2,419	16
38	Carlos Menchaca	Brooklyn	6	13	\$12,686	19
39	Brad Lander	Brooklyn	3	19	\$0	22
40	Mathieu Eugene	Brooklyn	8	52	\$19,297	60

41	Alicka Ampry-Samuel	Brooklyn	10	25	\$19,685	35
42	Inez Barron	Brooklyn	3	12	\$13,259	15
43	Justin Brannan	Brooklyn	4	31	\$448	35
44	Kalman Yeger	Brooklyn	10	26	\$45,029	36
45	Farah Louis	Brooklyn	8	23	\$10,383	31
46	Alan N. Maisel	Brooklyn	0	0	\$0	0
47	Mark Treyger	Brooklyn	7	16	\$45,768	23
48	Chaim M. Deutsch	Brooklyn	11	42	\$15,814	53
49	Deborah Rose	Staten Island	1	4	\$0	5
50	Steven Matteo	Staten Island	2	9	\$4,757	11
51	Joseph C. Borelli	Staten Island	0	0	\$0	0
	Not Available		6	147	\$0	153
<b>Grand Total</b>			<b>433</b>	<b>1,538</b>	<b>\$978,700</b>	<b>1,971</b>

## 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 benefit 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.

**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 reduced 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 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 property owner 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 program comprised of two benefits, the Senior Citizen Rent Increase Exemption and Disabled Rent Increase Exemption, that "freeze" 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:** Residential units regulated by law so that rent increases may not exceed a specified amount. In New York City, 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.

**SDP Unit:** The Senior and Disabled Programs Unit is responsible for administering the Rent Freeze Program.

**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.