



NEW YORK STATE SENATOR

Michael H. Ranzenhofer

## Senate, Assembly Pass Bill to Spur Investment in Vacant, Abandoned Residential Properties

MICHAEL H. RANZENHOFER June 19, 2015

| ISSUE: **LOCAL GOVERNMENT, COMMUNITY REINVESTMENT**

*New program aimed at about 70 properties located in City of Batavia*

**Albany, NY** – A bill (S.5196A/A.7570A) has passed the State Senate and State Assembly that would allow the City of Batavia to provide tax relief for residents willing to redevelop abandoned properties into owner-occupied single-family residences.

The new program would create a real incentive for residents to redevelop distressed properties since the high level of investment often required outpaces the value of the redeveloped home, keeping these types of properties vacant for many years.

Senator Mike Ranzenhofer and Assemblyman Steve Hawley are sponsors of the legislation.

“By spurring redevelopment of vacant homes, this innovative program will help to benefit all taxpayers. For prospective home buyers, it will provide a real incentive to make costly repairs to a distressed home. For neighbors, it will make their street a better place to live and prevent their home values from being depressed. For all taxpayers, it will help to dilute the burden of property taxes by adding more properties with higher valuations to the tax rolls,”

said Ranzenhofer. "I am hopeful that the Governor will sign it into law."

"I was pleased to have had the opportunity to work with Senator Ranzenhofer to ensure that this legislation passed both houses before the end of session," said Hawley. "Zombie properties have plagued Batavia for years and this is a monumental step toward addressing the issue. Residents who purchase these dilapidated properties will be given a property-tax exemption to help alleviate the financial burden of repairs made to the home. This will ensure that home renovation costs do not exceed property value. Also, the legislation protects against large real estate companies buying many properties and subdividing them into apartments or multiple-family dwellings. The bill will now be sent to the governor for his signature. If it receives his approval the program will take effect immediately."

The City of Batavia requested the legislation. The program, if successful, could be implemented in other cities statewide.

"Neighborhood revitalization has been a main concern for City Council and our City Administration of Batavia over the past couple of years. We are excited that this bill is being looked at favorably by the Senate and Assembly. This is one of the ways to handle the abandoned property issues in the City of Batavia. The tax breaks are beneficial to potential buyers. This will help them to be able to make repairs on needed vacant houses. I look forward to the Governor signing this bill into law," said City of Batavia Council President Brooks Hawley.

Under the proposed program, taxing jurisdictions would still receive property taxes on the pre-redevelopment value of the vacant home, while the increased assessment post-redevelopment could be exempt for up to 25 years depending on the level of investment with the last eight years of the exemption de-escalating by 12.5 percent per year until it reaches zero percent in the final year.

Rental or income properties would not qualify for the exemption.

Dealing with distressed properties can be an expensive, time-consuming task for local officials. According to the City of Batavia, the estimated annual impact of vacant properties includes:

- \$25,000 in delinquent property taxes;
- \$20,000 in lost water and sewer revenues;
- \$11,300 in unpaid fees and fines per property; and
- \$10,000 in City staff time.

The bill will be sent to Governor Andrew Cuomo for review.

###