**MEMORANDUM IN OPPOSITION**

**A.5375-A by Assemblymember Erik Dilan**

Status: Assembly Ways and Means Committee

**S.3060-E by Senator Julia Salazar**

Status: Senate Cities Committee

Date: March 2020

Contact: Michael Kelly

**Re: Opposition to an additional real estate transfer “flip” tax (anti-speculation act)**

The New York State Association of REALTORS®, Inc. **strongly opposes** the above referenced legislation that would impose an additional real estate transfer tax on properties that are transferred or “flipped” within one or two years of the original purchase, within the City of New York.

Under the proposed legislation, all residential properties one-to-five units within New York City sold or “flipped” within one year of the original purchase or conveyance would be subject to an additional 20 percent real estate transfer tax to be paid by the seller. If that same property is sold or “flipped” after one year of original purchase or conveyance but less than two years, the additional imposed real estate transfer tax would be 15 percent.

According to Bloomberg, the median home price in New York City in 2019 was $690,000. This new real estate transfer tax would impose up to $138,000 in additional taxes on a median-priced home – that’s equal to more than double the median household income in New York City, according to the U.S. Census. This new “flip” tax would be imposed in addition to current state and city real estate transfer taxes and mortgage recording taxes. Total real estate transfer taxes alone on a median-priced home would be $150,592.

Instituting an additional 15- to 20-percent transfer tax on the sale and purchase of a home in New York City will drastically curtail investment in aging properties and other residential real estate and negatively impact a major revenue stream New York City relies upon. According to analysis of New York City Comptroller’s 2019 Annual Financial Report, real estate related taxes generated $31.9 billion in taxes in FY 2019, representing 53 percent of the City’s tax revenue.[[1]](#footnote-1)[[2]](#footnote-2) Mortgage recording and conveyance taxes alone provided the city with over $2.4 billion in tax revenue. This drastic “flip” tax proposal will drive investors away, create budget shortfalls, shrink the city’s already limited housing stock and make it nearly impossible for low- and middle-income earners to afford purchasing a home where this tax is applied.

New York’s REALTORS® oppose real estate transfer taxes at all levels of government, regardless of their purpose. And while the intent of this legislation may be to address affordable housing in New York City, it is misguided and will not create a single affordable housing unit. New real estate taxes simply make home buying more costly, placing a large fiscal burden on a narrow portion of the population for programs that benefit entire communities. Adding yet another real estate tax to the existing state transfer taxes and mortgage recording taxes will increase New York’s closing costs, already among the highest in the nation, making homeownership less affordable particularly for first-time buyers.

State and local governments should be considering legislation that promotes tax equity, homeownership and economic development, rather than further exacerbating the problem by imposing even more taxes.

For these reasons, the New York State Association of REALTORS®, Inc. strongly urges disapproval of **A.5375-A(Dilan)**/**S.3060-E(Salazar).**

*The New York State Association of REALTORS® is a not-for-profit trade organization representing more than 58,000 of New York State’s real estate professionals. The term REALTOR® is a registered trademark, which identifies real estate professionals who subscribe to a strict code of ethics as members of the National Association of REALTORS®. These REALTORS® are also members of the New York State Association of REALTORS® as well as their local board or association of REALTORS®*

1. The City of New York Comprehensive Annual Financial Report of the Comptroller for FY 2019 (October 31, 2019): <https://comptroller.nyc.gov/wp-content/uploads/2019/10/7-General-Capital-Fund-Detailed-Schedules-of-Revenues-and-Expenditures.pdf> [↑](#footnote-ref-1)
2. New York City Comptroller Annual State of the City’s Economy and Finances Report (December 13, 2019): <https://comptroller.nyc.gov/reports/annual-state-of-the-citys-economy-and-finances/> [↑](#footnote-ref-2)