



The Department of Finance

Property Tax Debt Resolution Hearing Testimony

Good afternoon, Speaker Adams, Chair Brannan, and members of the Finance Committee and City Council.

My name is Preston Niblack, and I am Commissioner of the Department of Finance.

I am joined today by First Deputy Commissioner Jeffrey Shear, Deputy Commissioner for Customer Operations Annette Hill, Deputy Commissioner Kim Darga of the Department of Housing Preservation and Development, and Acting Deputy Commissioner Albert Kramer of the Department of Environmental Protection.

We are here today to discuss the pre-considered bill to transform property tax enforcement and debt resolution.

As you know, the sale of liens against privately-owned properties for property taxes, water and sewer charges, and for certain other property-based charges, has been the City of New York's primary mechanism for the enforcement of payment obligations on property owners since 1996. My own history with the tax lien sale goes back to 2011, when the City Council, with leadership from the late Al Vann, worked to add protections for vulnerable homeowners and communities as a critical part of tax lien sale reauthorization.

Since that time, there have been several refinements to the program, primarily designed to protect the rights of homeowners. Over the years, we have mandated more outreach, changed the thresholds for inclusion in the lien sale, and expanded our payment plan options, among other reforms.

Nothing in the past, however, has approached the extent and depth of reform that is embodied in the current proposal. This bill will fundamentally change how we resolve property tax debt, going further than ever before to recognize the

distinction between property owners who could pay, but do not, and those who would pay, but cannot.

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Before I describe in more detail these changes, let me review the process as it has worked until now.

As you know, if a property owner accumulates unpaid property tax, water and sewer, or HPD debt – depending on the property and debt type – that debt becomes a lien, and if the unpaid lien exceeds certain thresholds, the lien may be subject to sale.

A list of properties with qualifying liens is released 90 days ahead of the sale, and owners with a property on that list receive a notice in the mail. If the owner does not take any action to resolve the debt – through full payment, or entering into a payment plan, or applying for and receiving an eligible exemption – they will receive additional notices, at 60, 30, and 10 days ahead of the date set for sale of the liens.

Most liens are resolved before they are sold. In the six lien sales between 2015 and the last one in 2021, over two-thirds of liens were removed before sale because they were either paid in full or the owner entered into a payment plan, or because they had a current or pending exemption.

But in the event the owner has not acted to resolve their debt, the liens on that property are sold to a legally separate, special-purpose Trust created by the City. In return for the right to collect on the sold liens, the Trust pays the City an amount that it raises through the sale of interest-bearing bonds.

If no action is taken after between seven months and a year from the sale date, then the property may be subject to a foreclosure action. Foreclosure is, by design, a lengthy process, typically at least two years. Property owners may resolve their debt at any point during a foreclosure action right up until the sale at auction of a property.



An auction sale is, of course, the worst-case outcome and the one that we are seeking to avoid, particularly for low- to moderate-income homeowners, through the proposal before you today.

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So what is different in this legislation from past lien sales?

First, we start from a posture of **prevention**. Our goal is to help taxpayers resolve their debt and to dramatically reduce the number of owners that face enforcement actions.

As a first step, starting this August we will begin sending “past due” notices to owners who miss their quarterly or semi-annual payment. This may seem like an obvious step, but it’s one we haven’t done before. Based on our experience with the annual October 31st debt warning notice that we have sent out for the past 3 years, we think reminding taxpayers that they owe us money will help keep them current with their obligations. DEP already does this and has seen a decline in the delinquency rate since they introduced it.

And, in a change from past practice, no liens on class one homes and condos and coops will be subject to sale unless they have independently reached the required age and amount to be included in a lien sale. This change will by itself substantially reduce the number of homeowners in each year’s lien sale.

We are mandating much more **intensive, personalized outreach** between the time that the 90-day notices go out and the lien sale itself. We often hear that people simply did not receive the notices regarding the lien sale or that they don’t know what they need to do to be removed. Our goal is first and foremost to make sure they are aware of the lien sale, and secondly, to make sure they are aware of the resources available to them to assist in addressing their particular situations – whether that be financial counseling, estate planning, mortgage assistance, legal, or other services. The proposal includes \$2 million for this purpose, to work with community partners for outreach during the notice period, and to direct owners to the appropriate services.



We are also redesigning our notifications to homeowners to highlight the resources and options available, including exemptions, payment plans, and the option to gain extra time to resolve their debt.

In addition, at-risk notices will let owners know the minimum amount that must be resolved to ensure that they are removed from the lien sale. In this way, we hope to make it less daunting for owners to begin to tackle their debt and avoid enforcement.

We are creating more pathways for owners to avoid the sale of their liens. For example, even if you receive your notice in a timely fashion, 90 days may not be enough time to resolve what may be difficult financial or other challenges. So, we are proposing to give vulnerable homeowners more time to address their situations. Through what we refer to as the “easy exit” option, low- and moderate-income primary-resident homeowners may simply apply to be removed from the lien sale. In return they will provide their contact information so that we may continue working with them to address their financial or other circumstances. This option can be exercised up to three times, giving homeowners up to three years to resolve their debt before any further enforcement action.

We have also enhanced the availability of our Property Tax and Interest Deferral (PT AID) program by increasing the income threshold, which will be pegged to the Enhanced STAR income threshold, currently \$98,700.

And thanks to Speaker Adams’ leadership, we are creating a new income-based PT AID plan that will allow eligible homeowners to defer property taxes in excess of 10 percent of their annual income each year.

In short, we are substantially enhancing our outreach to at-risk homeowners, as well as the amount of time and options available to them, so that they can avoid being in the lien sale process and address the circumstances that led them to fall behind on their payments. These measures, taken together, will dramatically reduce the number of homeowners who face enforcement action.



Inevitably there will be some owners who, despite our best efforts, will not have reached a resolution before the lien sale. There is now opportunity for them to resolve their debt more easily, even after the sale.

Notably, under the proposed legislation, we will waive the 5% surcharge that is added to the total sold lien amount for eligible homeowners who resolve their debt.

In addition, homeowners will continue to be able to remove their liens by applying for eligible tax exemptions up to 90 days after the date of a tax lien sale.

Finally, in the event that a taxpayer cannot resolve their debt through any other means, we have developed an important alternative, called the **preservation track**, to allow owners to remain in their homes and retain equity in their home.

Eligible homeowners will have the option to transfer their property to a community land trust or other qualified not-for-profit, in return for the right to remain in their home at a cost they can afford.

The non-for-profit will enter into a 99-year lease with the resident and a long-term, renewable regulatory agreement with HPD that will ensure that the property will continue to be used as affordable housing.

Conclusion

I am extremely proud of the reform package that we have presented today. It is the culmination of years of advocacy, hard work, and dedication by many of you here today, including members, staff, and advocates. We thank you for your input and hope you see the results of your work reflected in this proposal.

I want in particular to thank Speaker Adams, Chair Brannan, and the staff of the Council Finance Division for their dedicated collaboration on this legislation, as well as our Administration partners at HPD, DEP, the Law Department, and the Office of Management and Budget. On behalf of the Adams administration and all of us, I appreciate the opportunity to testify today, and we are happy to answer your questions.



**Testimony Before the New York City Council
Committee on Housing and Buildings, Preliminary Budget Hearing
Regarding Introduction 0962-2024, a reauthorization of the tax-lien sale**

June 18, 2024

Good afternoon. My name is Christie Peale, and I am the Executive Director and CEO of the Center for NYC Neighborhoods, Inc. (the Center). I would like to thank Committee Chair Justin Brannan, the members of the Committee on Finance, the New York City Council and their staff for holding today's important hearing on the reauthorization bill for the tax lien sale, [Introduction 0962-2024](#), as well as your engagement with our organization on proposals to protect homeowners with municipal debt.

The members of the New York City Council have been strong champions of our affordable homeownership efforts since the Center was founded in 2008. We greatly appreciate your support for homeowner services in the City budget, and for continuing to support homeowners and their tenants during these times of economic hardship and neighborhood change. We know that you face many difficult choices, and we look forward to continuing to partner with the City Council and the Adams administration on ensuring that homeowners can stay in their homes.

About the Center for NYC Neighborhoods

The Center promotes and protects affordable homeownership in New York so that middle- and working-class families are able to live in strong, thriving communities. Established by public and private partners, the Center meets the diverse needs of homeowners throughout New York State by offering free, high-quality housing services. Since our founding, our network has assisted over 200,000 homeowners. We have also provided more than \$60 million in funding to community-based partners. Major funding sources for this work include the City Council, the Department of Housing Preservation and Development (HPD), along with other public and private funders. The Center also manages the HomeFix Program, in partnership with HPD, which provides a comprehensive approach to addressing homeowner repair needs and technical assistance, including access to affordable low- or no-interest and potentially forgivable loans, scoping of repair work, and construction management. Through the Center's wholly owned subsidiary and community development financial institution (CDFI), Sustainable Neighborhoods LLC (SN), the Center also develops innovative, affordable lending products tailored to fit the needs of BIPOC, low- and moderate-income (LMI) borrowers.

The Historic Inequities of NYC's Tax Lien Sales

In the Coalition for Affordable Homes 2024 (CAH) report, "[Unfair Deals: The Truth About NYC Tax Lien Sales](#)," the Center and our partners in CAH argued that the tax lien sale should not be reauthorized, and that tax class 1 properties should be excluded from any future sale, in the event of reauthorization. One of our top priorities as an organization has been to ensure that no homeowner loses their home to the lien sale. Our research has shown that most tax liens on small homes are sold from neighborhoods with

higher percentages of Black, Brown, older, and low-income homeowners. The subsequent financial stress places these groups of homeowners at a higher risk of losing their homes, results in the deterioration of intergenerational wealth, undermines community stability, and further erodes the neighborhood diversity that makes New York City great. Further, while small homes accounted for 42% of the total properties sold in the last tax lien sale in 2021, they only accounted for 21% of lien value. These metrics indicate that small homeowners are far from the biggest offenders of property-tax and water surcharge delinquency, yet they bear the brunt of liens sold. Therefore, we are disappointed that the City has proposed to reauthorize the lien sale and include Tax Class 1 properties.

Increased Potential to Resolve Tax Debts

With the above said, we are tremendously heartened to see the extent to which the Council has heeded CAH's past recommendations by including numerous protections for homeowners within the proposed legislation. For our organization and fellow advocates, this moment is the culmination of tremendous coalition building, stewardship, and advocacy efforts.

- **CAH Recommendation: Improve payment plan accessibility**
 - a. The bill increases and fixes the property tax and interest deferral (PT AID) payment plan income threshold to match that of the Enhanced STAR threshold and increases how much property tax may be deferred under PT AID.
 - b. Additionally, the new type of PT AID payment plan mirrors elements of the circuit breaker proposed by the [Advisory Commission on Property Tax Reform](#) (pp. 45-46), whereby an owner who pays more than 10% of their income may defer the amount above that percentage, so long as the remaining payments are not less than \$1,500 a year.
 - c. The bill now allows homeowners to self-certify that they have a hardship.
- **CAH Recommendation: Improve pre-sale noticing, communications, and outreach to homeowners**
 - a. The bill will increase the frequency by which the Department of Finance (DOF) must notify owners of real property of the tax liens they have, as well as inform owners on how to learn what liens the Department of Environmental Protection (DEP) may have issued for nonpayment of sewer or water rents or sewer surcharges.
 - b. The increased communications will include: actions a homeowner can take if a lien is sold on their property; the type of debt that can be sold in a lien sale; a clear, concise explanation of the consequences of the sale of a tax lien; the telephone number and email address of a departmental contact where the homeowner's debt(s) exist(s); a conspicuous statement that the owner of the property may enter into a payment plan to exclude their tax lien from the tax lien sale; credits and property tax exemptions that may exclude a property from the lien sale.
 - c. These notices can now be translated into Chinese, Korean, Russian or Spanish upon written request by property owners, or by verbal request to 311.
 - d. Said notices will also be sent to homeowners via 1st class mail.
 - e. The bill requires increased direct outreach to impacted homeowners once notice of the tax lien sale has been issued.

- f. The bill ensures that no information shall be posted online that specifically identifies any property or property owner, except by zip code and a randomly generated identifier.
- **CAH Recommendation: Improve post-sale limitations on the NYCTL trusts**
 - a. The bill will establish a task force to explore the effects of any trust created by the city, which is encouraging. The potential reforms of such trusts include how to:
 - Ensure the collection of tax liens is performed in an efficient, timely, and fair manner
 - Reduce the risk that tax liens are sold to trusts repeatedly in connection with the same property
 - Preserve and produce affordable housing and promote homeownership
 - Improve transparency of operations and outcomes in the collection of tax liens;
 The task force will also explore whether alternatives to the trust exist, or could be developed, that would have an effect similar to the potential reforms.
 - b. The bill now requires early communication with homeowners about the additional fees that will be applied to their tax liens once they are sold to the trust; and, for owners who match the easy-exit threshold, lien sale surcharges can now be forgiven if the owner pays off debt.
 - c. Further, DOF will now communicate with homeowners what the minimum amount is that they could pay to have their liens removed from the lien sale, instead of conveying the total amount of their debt.
 - d. The bill now also allows heirs to enter into installment agreements by providing death certificates.
- **CAH Recommendation: Reform property taxes and exemptions**
 - a. While property tax reform is not directly provided for in this piece of legislation, since its purpose is to reauthorize the tax lien sale, pathways have been built into the process to make it easier for homeowners to obtain the exemptions for which they may qualify.
 - b. The bill will now require many additions to be included in the annual Notice of Property Value (NOPV) that is sent to homeowners each year, which will outline among other things: actions homeowners can take if a lien is sold on their property; the type of debt that can be sold in a lien sale; a clear, concise explanation of the consequences of the sale of a tax lien; the telephone number and email address of a departmental contact where the homeowner's debt(s) exist(s); a conspicuous statement that an owner of any class of property may enter into a payment plan to satisfy the delinquent real property taxes, assessments, sewer rents, sewer surcharges, water rents, and any other charges that can be made into a lien, or exclusion from the tax lien sale; credits and property tax exemptions that may exclude a property from the lien sale.
 - c. The bill will also now allow DOF to defect a lien of any Class 1 or 2 property that submits a qualifying exemption up to 90 days after sale.

All of these reforms require substantial investment of resources on the Agency level and must be targeted to trained and trusted community advocates in order to successfully divert at-risk homeowners from the lien sale.

Additional Recommendations

To ensure the proposed legislation goes further to protect small homeowners, particularly those from vulnerable populations, we implore the City Council to consider including the following recommendations:

- **Include additional language in paragraph 2 of subdivision b of section 11-320 that permits an exemption for eligible senior citizens and persons with disabilities to be retroactively applied and their lien defected even if they failed to apply before the deadline.** Many seniors experiencing diminished capacity and persons living with disabilities are unable to meet the strict deadlines or have counsel or a caretaker to assist and should not lose their home for that reason. This creates a greater burden on the City in addition to the extreme hardship it would cause the homeowner.
- **In the event a deceased homeowner is survived by more than one heir, any heir by operation of law or otherwise should be able to enter into the installment agreement even for unsettled estates.** These are tenants in common who each own a share in the home and they often do not have the legal or financial resources to untangle title or seek court relief prior to the tax lien being sold.
- **Include language that allows for the exclusion of income from non-responsive or unknown heirs and unrelated third parties following the death of the owner of record.** Children, surviving spouses and other heirs who reside in a family home should be able to exclude income from other joint owners who have no interest in the property and do not contribute to its maintenance or expense. The law as written allows for the displacement of those heirs from their life-long homes after they have suffered the loss of a parent or other family member and is often a tool for equity stripping by third-party speculators.
- **In the event a homeowner elects for the summary foreclosure action, the certification required in section 11-412.5 that the homeowner has consulted with an attorney should be made by the attorney instead of the homeowner. A homeowner certifying that they consulted an attorney will likely be ineffective and mechanical.** An attorney certification will also deter a private attorney from providing insufficient counsel. A further preference of ours is for the homeowner to work with a housing counselor in addition to an attorney when pursuing this option.

Conclusion

While we were disappointed to learn of the plan to reauthorize the lien sale, we have since been encouraged by the homeowner protections the City Council has so thoughtfully included in the proposed legislation. Should the tax lien sale be reauthorized and funding allocated towards homeowner outreach, the Center welcomes the opportunity to work closely with the City Council, the Homeowner HelpDesk and our Network Partners to ensure small homeowners remain out of the lien sale through targeted outreach services. We appreciate the opportunity this committee has provided us today to articulate further recommendations to guarantee that the tax lien sale does not continue to be an unfair deal for middle- and working-class homeowners.

TAKEROOT JUSTICE

Testimony Before the New York City Council Committee on Finance Preconsidered T2024-2164

June 18, 2024

Good afternoon. My name is Paula Segal. I am speaking today as Senior Staff Attorney in the Equitable Neighborhoods practice of TakeRoot Justice. TakeRoot works with grassroots groups, neighborhood organizations and community coalitions to help make sure that people of color, immigrants, and other low-income residents who have built our city are not pushed out in the name of “progress.” Although we are a member of the Abolish the Tax Lien Sale Coalition, the timing of the publication of the preconsidered bill and this hearing was a barrier to the Coalition developing its position.

I am very encouraged that the reauthorization bill the Committee Chair plans to introduce this week incorporates many new preventative measures to divert indebted low income homeowners from the lien sale, provide new options for them to stay in their homes and will require HPD to inspect some rental buildings that are included in the lien sale process (those with a lien to value ratio of 15% and inclusion in two of four proceeding lien sale notice processes).

That being said, TakeRoot hopes that there is still room for improvements before the bill is voted on by the full Council:

1. **Incorporate tenants!** More than 80% of the units that have been included in the last four lien sales were occupied by tenants, not homeowners. Legislation should require that the Commissioner of Finance notify tenants when their landlord falls behind in property tax payments to the City and provide tools that those tenants can use directly to hold their landlord accountable for neglecting conditions, if they are doing that; tenants should receive information about how to contact HPD for an inspection at the same time their landlord receives a 90-day lien sale notice, no matter the value of the lien in relation to the value of the building or the Tax Class of the property. Section 10 of the bill should also be revised so that the outreach reports that HPD will be required to produce include outreach to tenants.
2. **Limit the authorization term to three years.** The current bill authorizes lien sales through December 2028, which threatens to put any recommendations that the task force that will be created this summer on the back burner. The task force will make its recommendations in September 2025; a shorter authorization period will ensure that these

recommendations are considered in earnest in the year that follows, though we are hopeful that the present Council will take them up before the end of its term.

3. **Reveal who puts the trusts together.** We are glad to see that the bill includes **transparency** for the trusts that already exist and will be created. We would like to see that **extended to all entities that advise the City** on how to allocate liens across those trusts; the City is the client of those firms and in full control of whether or not it discloses documents related to the counsel that it receives.
4. **Keep public control of debt on problem properties.** In the recent decade of lien sales, the City has been directing some liens into a “graveyard trust” instead of a bond-backed ones. These are liens on difficult properties, often tenant-occupied and subject to deed fraud litigation or vacate orders. **No additional liens authorized to be sold directly to 1998-2** or any lien trust that has the City as the sole beneficiary. The City should be engaging its other enforcement tools to address these properties instead of passing enforcement on to private companies.

To ensure the equity of this reauthorization, on the **budget** side, the Council and the Administration must commit to including at least \$2M per year for outreach funding to community-based organizations in this year and in each year of the lien sale that is authorized, funding for legal services for estate planning and the establishment of a tangled title program similar to the one that exists already in Philadelphia.

Finally, I want to note that authorizing a privately-managed enforcement system for property taxes and other municipal debts while property tax reform and the City’s program for distressed rental properties are both still unfinished is not a rational sequence. If this Council is going to authorize lien sales this month, I hope it will turn its attention to reforming the City’s distressed property foreclosure program and lobbying Albany for property tax reform immediately.

My name is Zhara Baksh and I am an Organizer at Hand in Hand the Domestic Employer's network. We are a non profit organization and network of nanny, home care worker, and housecleaner employers uplifting the rights of workers, and calling for dignified and equitable conditions. Domestic employers who are members and leaders at Hand in Hand in various boroughs of New York City have been supportive of, and advocated for, the Domestic Worker and Employer Empowerment Initiative.

Domestic Workers provide critical and life changing care. Years ago, my mother and I were taking care of my aging great aunt with an aggressive form of dementia. It was a laborious task, with me being a student, and my mother, being a mother and a worker, we were spread incredibly thin. It wasn't until we were able to get my aunt the kind of dedicated and attentive care that would gracefully carry her to the end of her life as her condition progressed, that we were fully able to enjoy our last moments with her. I am grateful that throughout her transition she was able to have someone present, and offer her the necessary care that she deserved. However, I often reflect on the long hours, and although this was some years ago, how little the pay was. Not only that but how difficult it could be to find a caregiver considering the working conditions.

NYC has 100s of thousands of domestic workers, many of which are immigrants, of color, and at times non-english speakers. Given its nature, domestic work is a very isolated and intimate sector as much of the work takes place directly in the employer's home, in turn making workers vulnerable to workplace abuses. Without comprehensive implementation workers won't be aware of their rights, and employers won't be aware of their responsibilities, and the cycle of workplace abuse and the lack of holding employers accountable will continue.

I am asking for the Domestic Worker and Employer Empower Initiative to be allocated \$700,000 to fully fund this initiative. Not only to educate the community, but uplift the rights of workers, as well as holding employers accountable.

Thank you for reading my testimony, and I hope NYC Council uplifts the need of domestic workers, and allocates the necessary funds of \$700,000 to the Domestic Worker and Employer Empowerment Initiative.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Commissioner Preston Niblack

Address: _____

I represent: DOF

Address: _____

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Name: First Deputy Commissioner Shear

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I represent: DOF

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in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Paula Segel

Address: _____

I represent: Take Root Justice

Address: _____

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Appearance Card

I intend to appear and speak on Int. No. 2104 Res. No. _____

in favor in opposition

Date: 6/18/24

(PLEASE PRINT)

Name: Wyn Spisak

Address: _____

I represent: New Economy Project

Address: 121 W 27th Street

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