

TEMPORARY TASK FORCE ON TASK LIENS

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CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

TEMPORARY TASK FORCE ON TAX LIENS

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April 30, 2025

Start: 10:24 a.m.

Recess: 10:58 a.m.

HELD AT: 250 BROADWAY - COMMITTEE ROOM, 14TH
FLOOR

B E F O R E: Sandy Nurse, Co-Chairperson

Annette Hill, Co-Chairperson,
Deputy Commissioner of the New
York City Department of Finance

TASK FORCE MEMBERS:

Emre Edev

George Sweeting

Lyna Saeed

Andrew Bourne

Joshua Goldstein

Michael Moore from the
Law Department

Al Kramer

Alec Schierenbeck

A P P E A R A N C E S

Albert Scott, Chairman of the East New York
Homeowners Association

Rachel Geballe, Deputy Director of the
Neighborhood Economic Justice Project at Brooklyn
Legal Services

Jeanne Schoenfelder, Staff Attorney at the Legal
Aid Society

Ann Korchak, Board President of the Small
Property Owners of New York

1 TEMPORARY TASK FORCE ON TAX LIENS

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2 SERGEANT-AT-ARMS: Testing one, two, one,
3 two. Today's date is April 30, 2025. Today's hearing
4 is Temporary Task Force on Tax Liens, being recorded
5 by Keith Polite on the 14th Floor Committee Room.

6 SERGEANT-AT-ARMS: Welcome to 14th Floor
7 New York City Council for the hearing on Temporary
8 Task Force on Tax Liens.

9 We ask you to please silence all
10 electronic devices at this time.

11 Please do not approach the dais unless
12 called up to the witness table.

13 We thank you for your cooperation.

14 Chairs, we are ready to begin.

15 CO-CHAIRPERSON NURSE: Great. Good
16 morning, everyone. Apologies for the delay. Thank
17 you. Thank you for that participation. I'm Council
18 Member Sandy Nurse and I'm Co-Chair of the Temporary
19 Task Force on Tax Liens, along with Deputy
20 Commissioner Annette Hill from the Department of
21 Finance.

22 At the end of June last year, the Council
23 passed Local Law 82 of 2024, which made extensive
24 reforms and improvements to the way the City enforces
25 delinquent property taxes and water bills. Many

people in this room contributed to developing these much-needed reforms, including multiple and overlapping paths to property owners and homeowners in particular to address their delinquency status with the City. This includes payment plans, deferral programs, an easy exit process to allow homeowners more time to find a long-term solution, and even preservation track where, as a last resort, a struggling homeowner could resolve their debts, keeping their remaining equity, and stay in their homes. I want to thank many of you who are here today who helped contribute to that legislation.

Despite all these reforms, one area where the Council and Administration were not able to engage as deeply on at the time was how we could improve what happens when an owner does not resolve their delinquency with the City and what alternatives to the trust model exist for recuperating those funds. Currently, the City sells these debts to a trust created and controlled by the City. The trust makes a final attempt to collect the debts on the properties and, if that fails, begins foreclosure proceedings. In some ways, the trust model provides a degree of efficiency in collecting outstanding

property and water charges when simply looking through a lens of recuperation. However, despite the trust being created by the City, there is a large lack of transparency about how the trust operates, which does not allow for a deeper assessment on how effective it is at ensuring all properties are returned to productive use, and productive meaning providing housing or some other benefit to society.

To explore these concerns and improve outcomes, Local Law 82 established a temporary task force to review how the trust operates and explore reforms that could improve the efficiency, fairness, transparency of the trust, reduce recidivism of delinquent properties, and, in recognition of the City's housing crisis, explore how properties that pass through the trust could be potentially leveraged for community and housing development and preservation programs. In addition, the task force will review what alternative models to the trust could be used to improve on these outcomes.

Some of the preliminary recommendations we have come up with are focused on identifying reasons for properties remaining stuck in the 1998-2 trust, coming up with action plans to resolve these

2 festering properties, increasing transparency in
3 reporting on these properties, providing extra
4 attention from agencies to them, particularly in the
5 case of occupied buildings with housing violations,
6 and exploring opportunities to leverage the auction
7 process for opportunities to get properties into
8 ownership of affordable housing organizations.

9 I want to thank my Co-Chair, Annette
10 Hill, and other Members of the task force for all
11 their hard work, most especially Emre Edev, Counsel
12 Finance, who has really done some heavy lifting here,
13 George Sweeting from the Center for New York City
14 Affairs at the New School; Lyna Saeed, Counsel Land
15 Use; Andrew Bourne, Housing and Buildings Committee;
16 Joshua Goldstein, Office of Management and Budget;
17 Michael Moore from the Law Department; Al Kramer from
18 the Department of Environmental Protection; and Alec
19 Schierenbeck, I'm so sorry. I was like, I tried. I
20 also want to acknowledge the support and diligent
21 efforts of Dilara Dimnaku and Ryan Hickey from my
22 team.

23 The task force has met eight times since
24 it began this past summer and still continues to
25 explore the issues identified in its mandate.

However, so far we've identified 14 recommendations to improve how this process works and are here to hear feedback on these preliminary recommendations, including how they can be improved, further fleshed out, or areas that should be further explored by the task force.

Members of the public will have three minutes to provide testimony, and you may submit more in depth in written testimony in addition to what you provide here today. Written testimony may be submitted without registration by emailing it to testimony@council.nyc.gov or via the Council's website at council.nyc.gov/testify up to 72 hours after the close of the meeting. We do have quite a number of people here, so I will hold everybody to the three-minute mark, and that might mean to take a second and look at what you're going to say, and we also may ask you questions. If there are points that you bring up, the task force is open to asking questions to folks who testify.

So, I think I have one other thing to read. I want to remind members of the public that this is a formal government proceeding and that decorum shall be observed at all times. As such,

members of the public shall remain quiet at all times.

The witness table is reserved for people who wish to testify. No video recording or photography is allowed from the witness table. Further, members of the public may not present audio or video recordings as testimony, but may submit transcripts of such recordings to the Sergeant-at-Arms for inclusion in the hearing record.

If you wish to speak today, see the Sergeant. He'll help you fill out a slip. They'll bring it to us. Everyone will have three minutes.

And now we will open it up.

TASK FORCE COUNSEL: Great. The first witness will be Albert Scott. Please approach the witness table.

And if Rachel Geballe could also approach the table.

CO-CHAIRPERSON NURSE: So you may begin when ready. Just make sure the little red button is on.

ALBERT SCOTT: Good morning, task force members. My name is Albert Scott, and I am a lifelong East New York resident and a founding member of the

East New York Community Land Trust. I am also the Chairman of the East New York Homeowners Association. East New York had the most residential properties on the tax lien sale than any other neighborhood in New York City. Our Black, Latino, working class community of homeowners and tenants is being economically brutalized by this lien sale. We have knocked on hundreds of doors in our community talking to homeowners and tenants about their rights and options as it pertains to this destructive lien sale system. What we are seeing and hearing is very disturbing. Just one or two quick examples. One, in East New York, two-family home on Hendrick Street has a corporate owner and is fully occupied by tenants. The corporate owner owes 226,000 dollars in municipal charges, 79,000 of which are emergency repair program charges, and the property has 120 HPD violations. Let that resonate. In addition, another one, a two-family property home, a few door downs on the same block on Hendrick Street. What we see here, the corporate owner owes 54,000 to the City in property taxes and water bills, and there are approximately 127 open violations, and tenants are living with leaks, molds, roaches, mice, and what other type of vermin with

more than 19 legs. Who knows? These two properties have two different owners, but are on just one single block in East New York. There are so many stories like this across the entire city. Yet, when it comes to properties like this, the City sells the liens and gives away its rights, its responsibilities to hold bad landlords accountable and transfer them to responsible ownership. Not only that, but even with the reforms that have been implemented to give homeowners options, what we're seeing, homeowners are still struggling, and less than 200 easy exit applications have been filled and accepted across the city.

Real quickly, we are calling on the task force to follow its mandate under Local Law 80 to examine alternatives to this lien sale. So far, based on preliminary recommendations, you all have failed in your obligation. Other large cities like Los Angeles, San Francisco collect their debt successfully without a lien sale. New York City can too. Isn't New York City recognized as the capitalist wonder of the world? Sometimes I wonder. And then in addition to that, the Mayor in his own words (TIMER CHIME) stated that on his campaign housing platform,

there's enough evidence that the annual lien sale has not been a just or an effective debt collection program. A real recovery is not balanced on the backs of the generational wealth in Black and Brown communities. Our focus should be on reinvesting historically marginalized communities, and there are a number of promising models we will consider to replace the lien sale and do just that. That's Mayor Adams.

CO-CHAIRPERSON NURSE: Thank you, Mr.

Scott.

ALBERT SCOTT: Hold him accountable. And in closing real quickly.

CO-CHAIRPERSON NURSE: Very quickly, please.

ALBERT SCOTT: The lien sale task force, do your job. Stop the sale that steals and robs. Do your job. Stop the sale that steals and robs.

GALLERY CHANTING WITH ALBERT SCOTT: Tien sale task force, do your job. Stop the sale that steals and robs. Lien sale task force, do your job. Stop the sale that steals and robs. Lien sale task force, do your job. Stop the sale that steals and robs. get the children out.

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2 CO-CHAIRPERSON NURSE: Well, as far as
3 actions go, that one was pretty great.

4 CHAMBERS: The tax lien sale has got to
5 go. Hey, hey, ho, ho, the tax lien sale has got to
6 go. Hey, hey, ho, ho, the tax lien sale has got to
7 go.

8 CO-CHAIRPERSON NURSE: Are you going to
9 unfurl a banner?

10 RACHEL GEBALLE: What did you say? I don't
11 have a banner.

12 CO-CHAIRPERSON NURSE: Are you bringing
13 out a banner?

14 RACHEL GEBALLE: I have some things to
15 say.

16 CO-CHAIRPERSON NURSE: Okay. great. So you
17 can start when you're ready.

18 RACHEL GEBALLE: Good morning, Co-Chairs
19 and Members of the Tax Lien Task Force. My name is
20 Rachel Geballe, and I am Deputy Director of the
21 Neighborhood Economic Justice Project at Brooklyn
22 Legal Services, a program of Legal Services NYC, the
23 nation's largest provider of civil legal services.
24 Our 10 homeowner advocate attorneys and two
25 paralegals assist hundreds of homeowners each year

with complex legal problems, including tax and water debts and foreclosure lawsuits that are brought by the NYCTL Trust, and we talk to hundreds more through outreach events and at court. Thank you for inviting me to address the recommendations of the task force and additional considerations in furtherance of the task force's goals established by the 2024 City Council, authorizing legislation of promoting homeownership and reducing the risk that tax liens are sold repeatedly or even one time into the City's NYCTL trusts. The best way for the City to preserve homeownership is to prevent liens from being sold into the NYCTL trusts in the first place. Once a homeowner's debt is sold, it is much more difficult for that homeowner to resolve the debt, and the risk of the loss of homeownership is substantially higher. I'm going to briefly mention three topics today. One, the difficulty in resolving water lien debts with DEP. Two, the problems with the implementation of Easy Exit. And three, the difficulties for homeowners dealing with deed theft, partition scams, intestacy, probate, and title issues. I'm going to discuss these items because they are topics that this task force can make recommendations about, and they implicate

homeownership for the city's most vulnerable homeowners. Legal services advocates have repeatedly, over the course of many years and many reauthorizations, testified and provided evidence that the lien sale harms the city's most vulnerable homeowners. This continues to be true despite many collaborative efforts between DOF and DEP and this Council and advocates to enact legislation to mitigate the known harms to this very harsh program.

So first, water debts. Water debts are very difficult to resolve. More than half of the at-risk properties this year on the City's lien sale list are water only. Water debts have not been sold since 2019 and some of the arrearages are very high. The most favorable water repayment plan offered is payments that are spread over 120 months with no consideration of affordability. There is no application. There's no official application to DEP that will account for that homeowner's income. There is no PT AID program and 1/120th of people's debt is often well over what they can afford. DEP reports that the wait times to speak to an advocate over the phone have been stretching for days (TIMER CHIME) or even weeks.

Second, Easy Exit is not working as planned. The goal for the Easy Exit was to provide an easy off-ramp for properties with complexities that could not be resolved in the limited period before the lien sale and your Co-Chair mentioned that in your opening remarks. However, this new off-ramp is not working as planned. According to homeowners that we have met at DOF outreach events, DOF staff are pushing unaffordable repayment without describing Easy Exit as an option. DOF has inexplicably prevented eligible homeowners whose homes are in a trust from benefiting from easy exit. The Easy Exit denial email does not provide a way for homeowners to appeal a denial without running into a password protected page. Easy Exit is not available for homeowners facing deed theft or other scams. Instead, these homeowners must contact DOF through specific email addresses, each for a different type of problem, which are not published on the website or made available to homeowners and are only made available to advocates in an ad hoc manner. This is consistent with DOF's pattern of the failure to effectuate other protective pieces of legislation, including Local Law 147 of 2013, which created the

other eligible person, an heir entitled to enter into an installment agreement on the same terms as a homeowner and the legislation that created PT AID. DOF thrives as a collection agency, but stumbles in its efforts to make protective programs available to the people who need them.

And finally, trust structures, deed thefts, partition scams, title issues, and deaths in the family make resolution of City liens very difficult. The City's new regime of reforms, while often well-intentioned, are not accessible to homeowners who are dealing with these types of issues. DOF and DEP staff often misunderstand dissent by intestacy and the role of the surrogates court and deny heirs or beneficiaries who are in fact owners of their properties by operation of law or will to tax exemptions and other benefits to which they are entitled. Deed thefts, scams, trusts, title defects, and intestacy are extremely prevalent in the communities most impacted by the lien sale. These presentations, which can take skilled advocates years to resolve, should be predictable to DOF and DEP staff, who should be prepared by the City to address them. And this is exactly why the Easy Exit Program

was created. The City still has time to work with DOF and DEP staff to ensure that this program is as broad as it was intended to be and helps as many homeowners as possible to avoid the harms of the lien sale.

Thank you.

CO-CHAIRPERSON NURSE: Thank you. Thank you for that. Are there any questions from the panel? No?

Thank you so much. That was really, really helpful.

Next up we have.

TASK FORCE COUNSEL: Sure. The next two witnesses are Jeanne Schoenfelder of the Legal Aid Society and Alexis Foote of Far Rockaway.

Okay. So, Joan Erskine, if you could approach the witness table.

Is Anne Korchak? You may approach the witness table to testify. Thank you.

CO-CHAIRPERSON NURSE: You can begin when you're ready.

JEANNE SCHOENFELDER: Thank you. Good morning. My name is Jeanne Schoenfelder. I'm a Staff Attorney at the Legal Aid Society within the foreclosure prevention and home equity preservation

project. Our mission is to preserve affordable homeownership and challenge abusive lending practices to preserve equity and prevent foreclosure, including those caused by tax liens.

So, we argue that any task force recommendations should further consider the sales impact on homeowners and communities. Fundamentally, we believe that Tax Class One properties don't belong in the tax lien sale. The sale further harms communities that have historically faced discrimination and disinvestment, and the financial benefit of including these properties is outweighed by the harm. Especially because as soon as you post this list of properties that are distressed, all of these homeowners immediately face scams and predatory lending, and so it's this huge class of people that may not even belong in the tax sale, but immediately face these pressures. Assuming that these homes stay in the lien sale, we argue that the timeframe for considering the properties to be removed is too short. The problems, the title issues, and the personal and financial issues that cause these debts are very, very challenging to resolve in a short timeframe so this could include things like, you may

have a homeowner with capacity issues, you have older people who have been struggling for years, and there are just these major interventions that need to happen that can't happen quickly enough. We deal with a lot of heirs issues, and those simply can't be resolved in a short timeframe. It can also take these families a significant amount of time to realize there's a problem in the first place. And then, yeah, for the current year's tax lien sale, we're seeing homeowners who still aren't aware, we're seeing homeowners who are still struggling with the Department of Finance process. As Rachel pointed out, the sort of ad hoc solutions that we're supposed to be seeking out for individual homeowners, can we do that for thousands of people over the course of three months? That's very challenging, and it requires an advocate to be in place in the first place, which it takes time for homeowners to seek out assistance, so it's simply untenable for many people to get this assistance in the first place.

The last thing is that we would really like tax exemption programs to be more accessible, so that fewer homeowners accumulate tax debt, and so more homeowners do not end up on the tax lien list in

the first place. So that would be more outreach, especially to first time homeowners, recent heirs. And then some of the other issues would be like rolling or quarterly enrollment in some of the tax exemption programs as opposed to annual enrollment, and (TIMER CHIME) then the recertification requirement is also a big problem for older and disabled homeowners so if that could be limited or removed for those homeowners who have permanent disabilities or limited incomes that are, and eligibility is unlikely to change, that would be a big improvement. Thank you so much for the opportunity to testify.

CO-CHAIRPERSON NURSE: Thank you so much. And you're going to submit written testimony as well?

JEANNE SCHOENFELDER: Yes.

CO-CHAIRPERSON NURSE: And Rachel, are you submitting? Okay, thank you.

Yeah. Sorry, there's some questions actually for you.

Go ahead, Alec.

ALEC SCHIERENBECK: Thank you. Can I ask you about the posting of public information and how that leads to targeting? And can I ask you how you

would think about balancing the interest in public disclosure and transparency in administration of the program with that real risk? And then also how in your observations you have determined that the posting of this information related to the tax lien sale is the reason for the targeting rather than, one might ask, whether other conditions or circumstances of the same people who are in that situation makes them the subject of targeting? It would just be very interesting to hear.

JEANNE SCHOENFELDER: Sure. So, I can also address this further in written testimony so I can consult with colleagues and get a more considered answer for you.

I would say we deal with a lot of deed theft issues and sort of the results of scams, and a lot of those folks have been on lien lists and certainly other sort of publicly available lists. And we tend to oppose any publicly available list. That is just sort of a roadmap for scammers, and so we see the same thing with foreclosure cases. When foreclosure cases are filed, that's publicly available and people immediately become the target of predatory schemes. And from our perspective, all of

these things are not good. And to the greatest degree possible, we'd like to prevent these lists from being published.

ALEC SCHIERENBECK: That's very helpful. And I totally understand the nature of the recommendation. If on further digging, you have suggestions of what consistent with law and interests of public transparency could be done to address that particular concern, I'd be very interested to hear.

CO-CHAIRPERSON NURSE: Okay. Thank you so much. There was one other question.

JOSHUA GOLDSTEIN: Yeah. You had mentioned sort of Class One homes and sort of the difficulties or the issues about including them in the lien sale list. Are you focused on the homeowner ones? Or I mean, people tend to talk about Class One as a homeowner group, but there's also investor-owned properties. Is there similar concerns on those properties as well?

JEANNE SCHOENFELDER: I mean, our concerns from our perspective are for owner-occupied homes. That's largely it. Yeah, that's what I'm here to speak about.

JOSHUA GOLDSTEIN: Okay. Thank you.

CO-CHAIRPERSON NURSE: You can begin
testifying whenever you're ready.

ANN KORCHAK: Hi. Good morning. My name is
Ann Korchak.

CO-CHAIRPERSON NURSE: Is the red light
on?

ANN KORCHAK: I believe so.

CO-CHAIRPERSON NURSE: Okay.

ANN KORCHAK: It is, yes. So good morning,
Councilwoman Nurse and the Members of the task force.
My name is Ann Korchak, and I'm serving as the Board
President of SPONY, the Small Property Owners of New
York. We have hundreds of members throughout the city
who own and operate nearly 6,000 units of housing.
I'm here to speak about the deeply inequitable and
counterproductive nature of the City's tax lien sale
program, particularly its impact on small rental
property owners.

City and state policies, fallout from the
pandemic, and a dysfunctional housing court system
have plunged our properties into economic distress.
Hurling us into a lien sale, tantamount to a
predatory loan shark type program disproportionately
harms small property owners of color who are among

the largest providers of naturally occurring affordable housing that we see in the four-family homes and the smaller rent-stabilized walk-up buildings that we see in every multicultural immigrant communities throughout the boroughs. What other industry is expected to provide services indefinitely with no guarantee of payment and no relief in sight? Without the ability to collect rent, and in many cases never receiving ERAP funds, or waiting years for housing court cases to be resolved, many owners have fallen into deep financial distress. Mounting unpaid rents means we cannot pay water and sewer bills and property taxes. The result, we're hit with the crushing interest rates and debt levels that are impossible to recover from. The lien sale will push small property owners into deeper economic distress and risk further tenant displacement and loss of affordable units. Buildings become unmanageable under the weight of the City-imposed lien and the sale to private collectors at an interest rate that can be as high as 18 percent. This will inevitably result in foreclosure, neglect, and ultimately abandonment, undermining stability and safety in Black, Brown, and immigrant neighborhoods,

and further shrinking already fragile affordable housing stock. While large corporations can absorb the financial shocks and navigate the bureaucratic process with ease, small owners often face steep challenges due to temporary hardships, illness, gaps in communication with City agencies. The consequences are devastating. Loss of generational wealth for families that have owned and operated buildings for decades, increased risk of tenant displacement as properties fall into the hands of speculative actors, erosion of community stability, especially in Black, Brown, and immigrant neighborhoods, and no pathway for redemption that's accessible or humane to the small property owners. I urge the Council to support meaningful reform. End lien sales to private investors. Create a municipal debt resolution program (TIMER CHIME) with reasonable payment plans and legal support for small rental property owners who are impacted by the rental arrears that tenants were unable to pay. Tax abatements or credits for uncollected rent. And reinvest in solutions to keep people in their homes, both tenants and owners, such as targeted emergency rental assistance programs that can provide immediate relief to tenants. This will

help the tenants get back on their feet while ensuring that landlords receive the necessary support to keep their properties viable. Small rental owners can't house people for years without collecting rent, and currently that's our reality given the understaffed and slow-moving housing courts. It isn't just about fairness, it's about preserving the diverse working-class communities that make New York City strong.

CO-CHAIRPERSON NURSE: Thank you so much for testifying today.

TASK FORCE COUNSEL: If we've inadvertently missed anyone that has registered to testify today and is yet to be called, please, if you're on Zoom, use the raise hand function, and you'll be called in the order that your hand has been raised.

If you are testifying in person, please come to the witness table.

Seeing none, I will now allow Council Member Nurse to close the hearing.

CO-CHAIRPERSON NURSE: Thank you so much to everybody who came and gave really thoughtful and helpful productive feedback to this. We'll be looking

at your recommendations and your proposals and ideas.
We'll be incorporating that as we move forward in the
second part of the task force.

Thank you to everybody who's here and all
of my Colleagues here on the task force. I'll now
close this hearing. We are closed.

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date June 26, 2025