

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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November 13, 2025

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HELD AT: Committee Room - City Hall

B E F O R E: Justin L. Brannan,  
Chairperson

COUNCIL MEMBERS:

Diana I. Ayala  
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Amanda Farias  
Kamillah Hanks  
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## A P P E A R A N C E S (CONTINUED)

Preston Niblack  
Commissioner of New York City Department of  
Finance

Annette Hill  
Deputy Commissioner of New York City Department  
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Kim Darga  
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Lacy Tauber  
Brooklyn Borough President

Clint Okatama  
Western Community Land Trust

Jean-Andre Sassine  
New York Community for Change

Jacob Schneider  
East New York CLT

Salvatore D'Avola  
Neighborhood Restore

## A P P E A R A N C E S (CONTINUED)

Jacquelyn Griffin  
Brooklyn Legal Services

Paula Segal  
TakeRoot Justice

Joan Erskine  
Self

Arielle Hersh  
VHAB

Alexis Foote  
Tax Lien Sale and Land Bank Bills

William Spisak  
Tax Lien Sale Bills

Kevin Wolfe  
Tax Lien Sale

Thinley Dolma  
Self

Ingrid Johnson  
Self

1 COMMITTEE ON FINANCE

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2 SERGEANT AT ARMS: Good morning. This is a  
3 microphone check for the Committee on Finance.  
4 Today's date is November 13, 2025, located in the  
5 Committee Room, recording done by Pedro Lugo.

6 SERGEANT AT ARMS: Can everybody settle down  
7 please? Everybody settle down please. Good morning  
8 and welcome to the New York City Council Hearing of  
9 the Committee on Finance. At this time, can  
10 everybody please silence your cell phones? If you  
11 wish to testify, please go the back of the room to  
12 fill out a testimony slip. At this time and going  
13 forward, no one is to approach the dais. I repeat,  
14 no one is to approach the dais. Chair, we are ready  
15 to begin.

16 CHAIRPERSON BRANNAN: Thank you Sergeant.  
17 [GAVEL] Okay, good morning. I'm Council Member  
18 Brannan. I Chair the Committee on Finance. Thanks  
19 for being here today. Thanks to all my colleagues,  
20 advocates, and agency staff who worked hard to make  
21 this hearing possible. We've been joined this  
22 morning of course by our Speaker, Council Members  
23 Brewer, Williams, Nurse, Salaam and Moya on Zoom, as  
24 well as Council Member Powers. What we're talking  
25 about today might sound technical, property tax

2 enforcement reform but this is something very, very  
3 real to people in their homes. It's about how the  
4 city collects what it's owed without pushing working  
5 people out of their neighborhoods. It's about  
6 finding that balance between accountability and  
7 compassion.

8 Since 1996, the city has used something called  
9 the tax lien sale to collect unpaid property taxes,  
10 water bills, and other charges. The idea was simple.  
11 If you fall behind, the city sells your debt to a  
12 private trust and then tries to collect on that debt  
13 but too often the system has punished people who are  
14 already struggling, especially Black and Brown  
15 homeowners, seniors and working class families who  
16 had just hit a rough patch and fell behind on their  
17 bills.

18 Instead of helping them get back on track, the  
19 processes sometimes open the door to bad actors,  
20 confusing rules and unnecessary foreclosures. That's  
21 not fair and that's not what city government should  
22 be doing. That's why today's hearing is so  
23 important. We're considering a package of bills that  
24 came out of discussions from the temporary taskforce  
25 on lien sale to a group of Council Members, city

2 agencies and community voices who rolled up their  
3 sleeves years ago to ask, "how do we make the system  
4 fairer, smarter and more humane?"

5 Before I get into the bills, I want to thank  
6 Speaker Adrienne Adams for her leadership on this  
7 issue for many, many years and for being the prime  
8 sponsor of one of these key reforms that continues to  
9 build on our partnership to reform the lien sale  
10 process. Madam Speaker, I invite you to give your  
11 opening statement.

12 SPEAKER ADRIENNE ADAMS: Thank you very much  
13 Chair Brannan. Too many years I might add. Welcome  
14 everyone and good morning. Thank you once again  
15 Chair Brannan for leading today's public hearing on a  
16 package of five bills that will transform the tax  
17 lien sale process. Improving the city's ability to  
18 collect outstanding taxes while protecting  
19 communities and home owners from unnecessary  
20 displacement.

21 For decades, the city's tax lien sale has been a  
22 singularly focused enforcement tool that has resulted  
23 in Black, Latino, and Asian New Yorkers  
24 disproportionately losing their hard earned homes and  
25 assets. This has a major cost on the economic health

2 and public safety of our city and its neighborhoods  
3 that too many administrations have failed to  
4 adequately acknowledge and resolve.

5 As Speaker and a long time representative for  
6 Council District 28 in southeast Queens, I understand  
7 the delicate balance our city needs to strike between  
8 collecting revenues to pay for city services while  
9 also making sure we do not displace or endanger  
10 homeowners, tenants and our diverse communities.  
11 Homeowners in my district and communities of color  
12 throughout our city have too often been placed in  
13 jeopardy of losing their homes due to the lien sale  
14 and other predatory actions.

15 My district, along with others with a high share  
16 of Black homeowners, has long been one of the  
17 epicenters of the lien sale, which only intensifies  
18 the pressures they face in trying to hold on to their  
19 homes. When our homeowners are put at risk, it  
20 undermines housing affordability, community stability  
21 and the equity and generational wealth that families  
22 have built over many generations.

23 At the same time, we recognize the importance of  
24 having an efficient system for collecting outstanding  
25 municipal debts and ensuring tax delinquent

2 properties are returned to productive use. Last  
3 year, the Council enacted laws that begin to reform  
4 the city's tax enforcement structure from a one size  
5 fits all program to one that seeks to better protect  
6 homeowners by creating more diversion opportunities  
7 for them to avoid the lien sale and most importantly  
8 avoid foreclosure. Foreclosures come with steep  
9 financial and human costs that impact entire  
10 communities. Homeowner face not just displacement,  
11 legal fees and loss of equity but also a cascade of  
12 longer term consequences. Research has shown that  
13 foreclosure correlates with higher food insecurity,  
14 impacts on physical and mental health, and greater  
15 housing instability. Foreclosure should be the last  
16 option when all others have failed but unfortunately,  
17 under the current tax lien system, it's not. Every  
18 foreclosure of a home should be subject to review and  
19 analysis to ensure that every option has been  
20 provided to the owner with the support they need to  
21 make an informed decision.

22 The city must do better. That's why today, the  
23 Council is holding this hearing on a package of bills  
24 that would collectively shift the city towards having  
25 a city established land bank that prioritizes

2 community needs and avoids unnecessary displacement  
3 of homeowners to handle liens. This land bank would  
4 replace the current use of financial trust chartered  
5 in Delaware that are unaccountable to New Yorkers and  
6 don't care if their efforts mean long term New  
7 Yorkers lose their homes.

8 My bill, Introduction 1407 works in conjunction  
9 with Council Member Brewer's bill Introduction 570A  
10 to have a land bank take over tax lien enforcement  
11 and handle the delicate stage of when to pursue  
12 foreclosures. A land bank would be charged with  
13 taking a more holistic approach to enforcement.  
14 Creating a better balance between the need to collect  
15 revenues with the economic and social costs of  
16 failing to protect homeowners from displacement.

17 Recognizing that setting up a land bank may take  
18 some time, my bill still allows enforcement to  
19 continue by providing flexibility to sell to other  
20 entities in the interim but only after approval from  
21 the Council to ensure that these new entities will  
22 approach tax enforcement in a more thoughtful way.

23 Finally, Introduction 1407 requires additional  
24 communication to property owners about debts and sets  
25 a floor for when an owner occupied home can be

2 foreclosed on. Going forward, debts would have to be  
3 the lesser of \$200,000 or 20 percent of the  
4 properties market value before the home is subject to  
5 this final stage of foreclosure.

6 Our city can collect taxes and water payments  
7 without destroying wealth in communities of color  
8 that are already experiencing the impacts of racial  
9 wealth gaps. The notion that our city cannot, is an  
10 obsession with maintaining the status quo that's not  
11 working for too many New Yorkers.

12 It's past time for the city to move away from  
13 this short, sided approach and instead implement a  
14 real pathway that supports homeowners in resolving  
15 debts. Our city should prevent - our city should  
16 prevent the instability created in communities by  
17 displacement and foreclosure. If properties do face  
18 foreclosure, they should serve a housing or community  
19 purpose, rather than becoming blights in our  
20 neighborhoods like they do under the current process.  
21 And I am a perfect witness to that.

22 These reforms along with the other bills under  
23 consideration today do not prevent the city from  
24 collecting revenue or discourage property owners from  
25 paying their taxes and water bills. Instead, they

2 will safeguard out ability to simultaneously collect  
3 revenues and protect homeowners by making tax  
4 enforcement fairer and more just.

5 I look forward to hearing from the Administration  
6 and members of the public about how the city can  
7 create a better system of collecting municipal debts  
8 that protects our communities and homeowners rather  
9 than harming them. Thank you very much for your  
10 attention and I turn it back over to Chair Brannan.

11 CHAIRPERSON BRANNAN: Thank you Speaker. We've  
12 also been joined by Majority Leader Farias. I now  
13 want to talk about the bills in front of us today.

14 When someone falls behind on their property taxes  
15 or water bills, the city places a lien on that  
16 property. Under the current system, once the debt is  
17 unpaid and reaches a certain amount, the city sends  
18 warnings about further enforcement. If a debt is not  
19 paid within 90 days, the city sells that lien to a  
20 private trust and that trust hires collection  
21 agencies to recover the money owed. If the homeowner  
22 still can't pay within seven months, foreclosure  
23 proceedings begin. Within three years, most  
24 properties have paid or been foreclosed on. While  
25 the system has been efficient in collecting revenue,

2 it's blind reliance on foreclosures have resulted in  
3 avoidable bad outcomes, especially during a housing  
4 crisis. It's caused unnecessary foreclosures. It's  
5 caused displacement. It's wiped out  
6 intergenerational wealth. It's left properties in  
7 the hands of predatory actors and fundamentally hurt  
8 communities that can least afford it.

9 So, here is what we want to do about it. We  
10 actually started last year when we made extensive  
11 reforms to create numerous options for homeowners to  
12 resolve their debt to avoid being sold to this  
13 private trust that handles foreclosures. These  
14 reforms are the most extensive ones on the tax lien  
15 sale since it was created back in 1996. However,  
16 these reforms did not address how this private trust  
17 operates and handles foreclosures. Instead, we set  
18 up a taskforce to look at this trust to identify  
19 potential reforms that would allow the city to still  
20 collect revenues to provide services while reducing  
21 the negative impacts of foreclosures. When we passed  
22 the original package of lien sale reform, we said  
23 this was a work in progress and that's why we're here  
24 today.

2       Intro. 570 A would establish a city land bank.

3       This bill would require the city to take steps needed  
4       to create a city land bank, a nonprofit entity that  
5       can take control of the tax foreclosure process to  
6       ensure that homeowners have had adequate opportunity  
7       to resolve their debts and take steps to ensure that  
8       foreclosed properties are put back to good use.

9       Land banks are used all of the country to fight  
10      blight, preserve affordable housing and make sure  
11      that foreclosed homes don't just sit vacant or get  
12      sold off to speculators.

13      With our version of the land bank, we can call it  
14      a lien bank. We can make sure that foreclosures are  
15      used only when necessary and that foreclosed  
16      properties end up benefiting the community and not a  
17      drag on them.

18      Intro. 1407 would improve upon the conditions of  
19      future tax lien sales. Right now, the Department of  
20      Finance has broad discretion to sell tax liens  
21      through 2028. This bill would change that. It  
22      limits that broad authority only when selling to the  
23      lien bank for any other sale the Finance Commissioner  
24      must come back to the Council for approval so there's  
25      oversight accountability and transparency.

2 In addition, it sets the lien bank up for success  
3 by removing the sunset provisions. The bill also  
4 adds additional notification requirements for  
5 property owners who have their liens sold and it also  
6 prevents foreclosures on owner occupied homes when  
7 the debt is of minimal level. This would also allow  
8 the city to continue to enforce taxes and water bills  
9 with no interruption but ensure that the city is  
10 taking affirmative steps to improve the foreclosure  
11 process by transferring these operations to the lien  
12 bank.

13 Intro. 1411 is the condo board notification.  
14 This one is simple but it's important. It requires  
15 the Department of Finance to notify condo board when  
16 a lien sale is about to be sold on a unit in their  
17 building. One of the harder to enforce types of  
18 properties are condo units like parking spots or  
19 storage units that have minimal value to anyone  
20 living outside of the condo development. This small  
21 change would give condo boards the chance to step in,  
22 help find a solution or at least be aware of things  
23 before they escalate.

24 Intro. 1419 reporting on long unresolved liens.  
25 This bill brings transparency and data into the

2 process. It requires the Department of Finance to  
3 report every year on properties that have unresolved  
4 lien sales for more than 36 months, which three  
5 years.

6 These properties are often effectively abandoned  
7 and often become eye sores and safety hazards for the  
8 surrounding community. Under this bill, 1419, the  
9 Department of Finance must share that list with the  
10 Council, post it online and send it to other city  
11 agencies so they can inspect those sites and report  
12 back on what's happening.

13 This is about shining light on a system that's  
14 been operating in the dark for too long. And  
15 finally, Intro. 1420, transferring lien sales to the  
16 city land bank. Once the city land bank is  
17 established, this bill would require the Commissioner  
18 of Finance to transfer all liens currently held in  
19 trust to that land bank within six months. That  
20 means instead of those liens sitting in a private  
21 fund, where the goal is profit, they'd move into a  
22 public entity designed to preserve affordability,  
23 create stability, and reinvest in neighborhoods and  
24 if that can't happen, the Department of Finance would  
25 have to explain to the City Council why.

2       Okay, taken together, these bills represent a  
3 major step forward toward a fairer more transparent  
4 system. One that still holds people accountable but  
5 doesn't treat homeowners like revenue sources for  
6 private investors and doesn't ignore what happens to  
7 a property after the city has collected its debt.

8       At the end of the day, this is about protecting  
9 New Yorkers who are doing their best to stay afloat,  
10 helping stabilize communities, all while making sure  
11 that the city collects what it's owed to them to keep  
12 services running. We can do both and we should. So,  
13 I want to thank the sponsor of these bills. Of  
14 course, the members of the taskforce, the Department  
15 of Finance, Department of Environmental Protection,  
16 HPD, all the advocates who have been pushing for  
17 these reforms for many years. This is how we build a  
18 fairer city by making sure every part of government,  
19 even the unglamorous parts, reflect our values of  
20 fairness, transparency and compassion.

21       Before we turn to testimony, I want to thank our  
22 staff at the Finance Committee Richard Lee, Emre  
23 Edev, Nick Connell, Delara Denacu, Brian Sarfo,  
24 Andrew Wilber and Lyle Reed for all their hard work  
25 behind the scenes and getting us ready for this day

2 and all their work on the lien sale reform for the  
3 past couple of years.

4 I'm now going to ask the Committee Counsel Brian  
5 Sarfo to swear everyone in and we can start.

6 COMMITTEE COUNSEL: Good morning. Do you affirm  
7 to tell the truth, the whole truth and nothing but  
8 the truth before this Committee and to respond  
9 honestly to Council Member questions?

10 PANEL: I do.

11 COMMITTEE COUNSEL: You may begin.

12 CHAIRPERSON BRANNAN: Hang on one sec guys, do  
13 you have opening statements? Okay alright let's -  
14 yeah, we've also been joined by Council Member Carr.  
15 Okay, Council Members do you want to start with  
16 Sandy, you could read your opening statement?

17 COUNCIL MEMBER NURSE: Sure, I recognize there's  
18 a long line of opening remarks. I'll try to be  
19 brief. Uhm, last year I proudly co-sponsored Local  
20 Law 82 and appreciate many of the conversations we  
21 had over the last about two years about this and I  
22 also want to thank the advocates and my colleagues in  
23 the Council for all of their work on this. For the  
24 first time, low and moderate income homeowners were  
25 given real offramps, opportunities to resolve tax

2 delinquencies in a way that is fair to both the  
3 homeowner and the city and that helps keep families  
4 out of the lien sale. But despite these reforms,  
5 this years lien sale looks a little too familiar.  
6 Nearly half of all class one homes on the list are  
7 concentrated in just ten of the city's 51 Council  
8 Districts including my own and the Speakers.

9 These are predominantly minority communities  
10 where homeowners are already under immense pressure  
11 from gentrification, displacement and predatory  
12 investors, which is a real crisis that both the city  
13 and state have failed to prioritize with action.

14 Over the past year, I Co-Chaired the tax lien sale  
15 taskforce, Local law 82 where Council and  
16 Administration appointees met monthly to analyze how  
17 the current system works, who holds what power, how  
18 decisions are made, how we can align our tax  
19 enforcement with the shared goals of compliance,  
20 preservation and equity.

21 While we agreed on many of the final  
22 recommendations, during these discussions, I did see  
23 a reluctance to fully explore new ideas even as every  
24 single one of us acknowledge that the current system  
25 is flawed, people are falling through the cracks and

2 people are losing their homes. And that brings us to  
3 the bills we're discussing today and we'll go over  
4 them all together. These bills will bring what the  
5 city has failed to do which is to move away from an  
6 opaque, trust based lien sale process and bring  
7 municipal debt enforcement back into public hands.  
8 These reforms repair accountability and transparency  
9 with real support for homeowners especially Black,  
10 Brown and senior homeowners ensuring we no longer  
11 sacrifice our people just for the sake of revenue  
12 collection. And I want to double down on what my  
13 Speaker emphasized which is that these bills - with  
14 these bills, 99 percent of tax enforcement will  
15 remain with the Department of Finance. Only a small  
16 fraction of properties ever reach the lien sale  
17 stage, DOF will continue to have both hands on the  
18 wheel to ensure compliance.

19 The incoming administration, like those before it  
20 has promised comprehensive property tax reform and  
21 additionally the incoming mayor elect has stated many  
22 times that he supports ending the current tax lien  
23 sale system, which is good news for New Yorkers.

24 So, I want to thank you all. I thank the other  
25 members of the taskforce for the conversations you've

2 had. I look forward to a productive and honest  
3 conversation about how we can finally build a tax  
4 enforcement system that prioritizes both fiscal  
5 responsibility and housing stability. Thank you  
6 Chair.

7 CHAIRPERSON BRANNAN: Thank you. Council Member  
8 Brewer.

9 COUNCIL MEMBER BREWER: Thank you very much. I  
10 too want to thank the Chair and the Speaker and  
11 certainly Council Member Nurse for her work and in  
12 particular and same goes for my office and I do want  
13 to say that the two Commissioners sitting here are  
14 the best in the best and I know may disagree with  
15 some of this. I respect that but I do think as you  
16 heard from Council Member Nurse and others, that this  
17 particularly Intro. 570 A, starts the process of this  
18 land bank that will take over the final stage of tax  
19 enforcement but I don't think that it will make  
20 enforcement and the city unable to collect their  
21 funds. And I think that's - what - we want to say  
22 that over and over again. So much thought has gone  
23 into that. The core aspect of what we're now calling  
24 a lien bank. This is a mission driven entity to  
25 address the delinquency of the properties that have a

2 more holistic view than the current trust model. The  
3 trust we understand, understandably is focused on  
4 revenue collection. Goals that are set in local law  
5 at the lien bank will focus on revenue collection  
6 plus, preservation of homeownership and prevention of  
7 tenant displacement, plus maximizing productive use  
8 of property. It's something that I worked on my  
9 entire life is more transparency with a mayor and a  
10 speaker providing oversight.

11 This additional accountability, unlike the trust,  
12 the lien bank is subject to open meeting laws and  
13 other sunshine law provisions that apply to all New  
14 York State not for profits. In addition, there will  
15 be an annual report from the entity through its  
16 Chairperson and it will be a written form, a report  
17 to the municipality and I believe also a hearing.  
18 So, even though there may be some concern about the  
19 fact that it wouldn't collect revenue, I disagree. I  
20 think it will.

21 1411, which you heard earlier, would require the  
22 Department of Finance to notify the Board who manages  
23 of a condo if the Department of Finance intends to  
24 sell a tax lien that encumbers a unit within the  
25 condo is the second bill and I think that makes sense

2 because we know that in comes cases there is a  
3 parking spots and storage units are sold as additions  
4 to residential units and they're often hard for the  
5 city to collect on. At the same time, there will be  
6 someone outside of the development making sure that  
7 information is shared.

8 So, these two goals in my opinion along with the  
9 entire package, not only do they continue what the  
10 trust has emphasized which is revenue collection,  
11 they also make it I hope easier for those who are  
12 experiencing this incredible hardship to be able to  
13 get something that is satisfactory to them and to the  
14 city because in some cases, if there is a lien  
15 necessary hopefully we will get affordable housing  
16 and not the highest purchaser and then second, both  
17 bills focus on transparency, which is what I think  
18 government should be all about. Thank you.

19 CHAIRPERSON BRANNAN: Thank you Chair Brewer.  
20 Okay, I'll turn it over to the Commissioners for  
21 their opening statements. Thank you.

22 PRESTON NIBLACK: Good morning Chair Brannan,  
23 Speaker Adams, members of the Committee on Finance.  
24 My name is Preston Niblack and I'm the Commissioner  
25 of the New York City Department of Finance and I'm

2 here to speak today about the five bills being heard  
3 and the impact of the changes being contemplated.  
4 I'm joined today also by Deputy Commissioner for  
5 Customer Operations and Co-Chair of the Temporary  
6 Taskforce Annette Hill.

7 In June of last year, the City Council passed  
8 Local Law 82, reauthorizing the sale of tax liens  
9 through December 31<sup>st</sup>, 2028, and at the same time  
10 implementing the most far reaching reforms to the  
11 lien sale process since its inception in 1996.

12 These reforms were intended to shift the focus  
13 from a one size fits all enforcement model, as the  
14 Speaker noted, to one which distinguishes owners who  
15 were generally struggling to pay from those who are  
16 simply seeking to avoid paying.

17 Our goal was to protect homeowners and help them  
18 resolve their debt, rather than simply focus on  
19 collection and enforcement.

20 We created an easy exit option for low to  
21 moderate income homeowners who need more time to  
22 resolve their debt. We expanded our payment plan  
23 options to include a circuit breaker plan. We gave  
24 homeowners more time to apply for payment plans and  
25 exemptions. And we allocated \$2 million for

2 intensive outreach, such as in person door knocking,  
3 community events, postcards, robo calls, and other  
4 direct owner contacts. For eligible homeowners whose  
5 liens were sold, we offer a waiver from the surcharge  
6 to ease repayment.

7 Our first lien sale under the new laws was  
8 conducted this last spring, and the results were  
9 highly successful. Of the nearly 30,000 liens on the  
10 initial 90 day notice list, 85 percent were removed  
11 from the lien sale - from the list before sale. In  
12 total, \$405 million in payments for delinquent  
13 property taxes, water and sewer charges, and other  
14 debt were made prior to the lien sale itself, which  
15 added an additional \$187 million for the city. In  
16 total, therefore this year's lien sale resulted in a  
17 collection of over \$590 million in outstanding taxes  
18 and charges.

19 Local Law 82 also created a temporary taskforce  
20 composed of representatives of the City Council and  
21 the Administration, which met several times over the  
22 summer and issued - spring and summer and issued  
23 final recommendations on September 15<sup>th</sup>. I want to  
24 express my appreciation to Council Member Nurse and  
25 to Deputy Commissioner Hill for Co-Chairing the

2 taskforce and to all the participants for their  
3 contributions.

4 Two of today's legislative proposals enact some  
5 of the Task Force's recommendations. I'll start with  
6 Intro. 1411, which enacts a recommendation to notify,  
7 in addition to the individual owners of condominium  
8 units, the boards of directors of residential  
9 condominium developments and their managing agents  
10 about existence of a lien on a secondary use condo,  
11 such as a parking space or a storage unit. We think  
12 this is a great proposal and we fully endorse Intro.  
13 1411.

14 We also support Intro. 1419, regarding reporting,  
15 which we - also one of the recommendations of the  
16 taskforce. We have a few proposed revisions that we  
17 will relay to separately but overall, we support  
18 this.

19 One of the issues discussed in the taskforce  
20 meetings was the role of land bank. The remaining  
21 bills under consideration today address the creation  
22 and functioning of a land bank and here we have more  
23 fundamental concerns. Land banks, as described in  
24 the legislative intent of Article 16 of the State Not  
25 for Profit Corporation Law, and I quote, "are one of

2 the tools that can be utilized by communities to  
3 facilitate the return of vacant, abandoned and tax  
4 delinquent properties to productive use. The primary  
5 focus of land bank operations is the acquisition of  
6 real property that is tax delinquent, tax foreclosed,  
7 vacant or abandoned, and the use of tools authorized  
8 in this Article to eliminate the harms and  
9 liabilities caused by such properties."

10 This description of the role of land banks is a  
11 much different scope from how New York City uses the  
12 tax lien sale for property tax enforcement. The land  
13 bank law makes repeated reference to vacant and  
14 abandoned properties. But most properties subject to  
15 the tax lien sale are neither vacant nor abandoned  
16 nor a blight on the community. Our goal with the tax  
17 lien sale is not primarily to address or abandonment  
18 or a blight but to resolve debt owed to the city.

19 For that reason, we think it would create an  
20 inherent tension if the same entity whose goals to  
21 acquire, develop, and dispose of property for  
22 productive community purposes were also in charge of  
23 tax enforcement.

24 We fully support the goal of avoiding foreclosure  
25 whenever possible and we have proposals to put

2 forward to further that goal, particularly in the  
3 period after the lien sale. But the land bank would  
4 actually be empowered to foreclose on tax delinquent  
5 properties for development purposes, through the in  
6 rem process, and indeed, that would be one of its  
7 main tools.

8 It does not seem to us like a good idea to  
9 combine the enforcement function, which includes  
10 foreclosure as an option, but which we are pledged to  
11 try to avoid whenever possible with the development  
12 function where foreclosure is in fact a primary tool  
13 for the transfer of properties.

14 Keeping these functions separate would allow us  
15 to maintain effective and compassionate enforcement  
16 while we develop a vehicle, whose singular purpose  
17 would be to promote opportunities for affordable  
18 housing and other community development including  
19 through the acquisition of tax delinquent, vacant,  
20 distressed or abandoned properties.

21 For these reasons, we cannot support Intro.'s  
22 570, 1407, or 1420, which would create an entity that  
23 we believe is ill equipped to perform either of the  
24 functions envisioned for it well, and as drafted,

2 would effectively end the lien sale for the remaining  
3 years of the authority established in Local Law 82.

4 We can, however, act immediately to bring  
5 increased transparency, case management, and access  
6 to appropriate resources for owners who may be facing  
7 foreclosure, so as to ensure that no homeowner need  
8 lose their home for unpaid property taxes or water  
9 and sewer charges.

10 The Council and the Administration worked  
11 together for over a year to implement far reaching  
12 reforms to the lien sale process. And while it is  
13 possible to envision a future process whereby certain  
14 properties are diverted from the lien sale, as  
15 statutorily distressed buildings are now, creating  
16 the mechanisms for that require careful thought and  
17 legislative drafting.

18 Moreover, a new mayor elect and a new council  
19 will soon take office, and their voices deserve to be  
20 heard on these proposals.

21 I look forward to further discussions with you  
22 and I'm happy to take your questions later.

23 CHAIRPERSON BRANNAN: Thank you Commissioner.

24 ROHIT T. AGGARWALA: Alright, good morning Chair  
25 Brannan, Speaker Adams, members of the Finance

2 Committee. I'm Rohit T. Aggarwala, commissioner of  
3 the Department of Environmental Protection and the  
4 City's Chief Climate Officer. I'm joined by DEP  
5 Chief Financial Officer, Nerissa Moray and Deputy  
6 Commissioners Albert Kramer and Beth DeFalco.

7 We appreciate the opportunity to speak about the  
8 City's annual lien sale. Thanks to the thoughtful  
9 reforms passed by the Council last year. The 2025  
10 lien sale was the most transparent and straight-  
11 forward ever for property owners, especially those  
12 who are struggling. Homeowners were given more  
13 notice, more options and more help. DEP also went  
14 above and beyond to help property owners avoid the  
15 sale entirely.

16 Our water system depends on people paying their  
17 bills. When some people don't pay, everyone else  
18 must make up the difference, or DEP must invest less  
19 in the system. If DEP lacks the ability to enforce  
20 against non-paying water users, the reality is that  
21 some people will take advantage of that loophole.  
22 That will ultimately mean higher water rates for  
23 every other New Yorker or fewer investments in the  
24 infrastructure that keeps our city and resilient.  
25 That's simply not fair.

2           DEP provides the clean drinking water that every  
3    New Yorker depends on, treats our wastewater, and  
4    manages stormwater across the five boroughs. We're  
5    responsible for a ten year, \$33 billion capital plan,  
6    including City Water tunnel 3, the new disinfection  
7    facility at Hillview Reservoir, and stormwater  
8    projects in every borough.

9           All of this is funded entirely by the \$4.5  
10   billion New Yorkers pay each year in water bills.  
11   The Water Board sets rates to cover our costs, and  
12   the Water Finance Authority issues bonds backed by  
13   those payments. There is no general tax revenue and  
14   very little in state and federal funding. It is a  
15   closed system. Water bills fund the water system.

16           So, if collections fall short, we have two  
17   choices: raise rates or cut investments. There's no  
18   outside money to fill the gap.

19           The good news is that most New Yorkers pay on  
20   time, and we work hard to help those who struggle.  
21   DEP offers multiple affordability programs.

22           The Home Water Assistance Program, serving nearly  
23   100,000 low income homeowners provides annual credits  
24   of up to \$159. The Multi-Family Water Assistance  
25   Program, helps affordable housing and saves

2 properties up to \$250 per unit each year. Leak  
3 Forgiveness and discounted prepayment programs help  
4 those facing unexpected bills.

5 In the past year, we expanded eligibility for  
6 these programs to tens of thousands more homes and  
7 apartments. And if someone does fall behind, we  
8 offer flexible payment agreements, up to ten years to  
9 repay often with no money down. That's more generous  
10 than almost any water utility in the nation. Our  
11 goal is always to help people stay in good standing  
12 before enforcement ever becomes necessary.

13 When a property owner doesn't pay, DEP has few  
14 enforcement tools. We can shut off service for  
15 single family homes but we avoid doing that for  
16 multi-family properties because we don't want to  
17 punish tenants. Our other option is to sue or to use  
18 the lien sale.

19 It's important to note that the lien sale is  
20 about enforcement, not punishment. Entering a  
21 payment plan again, with no money down, removes a  
22 property from the lien sale list. We also remove  
23 customers who have legitimate disputes or other  
24 hardships.

2 Leading up to this year's sale, DEP, DOF, and HPD  
3 carried out a record amount of outreach, nearly half  
4 a million mailings, 77,000 phone calls, and 6,500  
5 door knocks, plus dozens of community events with  
6 Council Members. And it worked. Only 0.1 percent of  
7 all DEP customers ultimately had a lien sold, just  
8 one in a thousand. Yet the process brought in \$374  
9 million in overdue revenue into good standing, \$180  
10 million in cash payments, \$172 million in payment  
11 agreements, and \$22 million from the sale itself.

12 That's the point, the threat of the lien sale  
13 works. It motivates payment, keeps rates fair, and  
14 maintains the integrity of the water system. And  
15 over the last ten years, there have only been 59  
16 foreclosures total with any water debt.

17 Without enforcement, people stop paying. Not  
18 only because they can't afford to but because they  
19 realize there's no consequence if they don't. We had  
20 one case where a household stopped paying their water  
21 bills for several years while at the same time  
22 putting in a swimming pool. They only paid when we  
23 threatened a water shutoff.

24 When lien sale authority expired in 2006, DEP  
25 lost \$100 million in one year. This led the Water

2 Board to plan for an \$18.5 percent mid-year rate hike  
3 in 2007 to make up for that lost revenue. Happily,  
4 the lien sale was reauthorized, revenues stabilized,  
5 and the rate hike was avoided.

6 Similar issues emerged more recently. During the  
7 years without lien sale authority after 2019, unpaid  
8 water bills doubled from \$600 million to \$1.2  
9 billion. Restarting the sale in 2025 helped reverse  
10 that trend and allowed us to keep this year's rate  
11 increase to just 3.7 percent instead of the 8.5  
12 percent we expected. That's real savings for every  
13 New Yorker including renters who benefit from lower  
14 operating costs in apartment buildings.

15 Let me reiterate. That change in our proposed  
16 rate hike earlier this year, was only due to the  
17 revenues we found from this lien sale.

18 The Office of Management and Budget financial  
19 impact statement estimates that the legislation under  
20 consideration today could reduce DEP's annual  
21 revenues by \$105 to \$150 million. To make up that  
22 loss, we'd have only two options: One, is to cut  
23 capital investment. A recurring loss of \$105 to \$150  
24 million in annual revenue translates to about \$1.75  
25 to \$2.5 billion in less capital investment. While

2 much of our capital program, in fact about one-third  
3 of our capital program is mandated, like Hillview  
4 Reservoir or the Gowanus Canal cleanup, others are  
5 not. Unfortunately, this means cuts would likely  
6 fall on stormwater and flood protection projects.  
7 The kind we know New Yorkers are demanding and the  
8 kind that I hope you all appreciate has been my top  
9 priority in my four years in this job. This includes  
10 projects dear to all of you. \$2.78 billion in the  
11 Southeast Queens sewer upgrades. The \$390 million  
12 Bushwick sewer expansion; Council Member Nurse, that  
13 we worked so hard on together. \$146 million for East  
14 New York in the Jewel Streets that we just announced  
15 a couple of weeks ago and the \$51 million drainage  
16 project in Dyker Heights that was actually the first  
17 project under our current long term stormwater  
18 resilience plan.

19 These are the very projects that protect New  
20 Yorkers from the floods and extreme weather we know  
21 are coming more often.

22 Alternative two is to raise rates. If we believe  
23 that our current capital plan must be kept intact, we  
24 expect to need to raise rates to make up for revenue  
25 shortfalls. To make up for the revenue, this set of

2 legislation may put at jeopardy could require a mid-  
3 year rate increase or an additional increase over and  
4 above seven percent currently forecast for FY 2027,  
5 which would take effect on July 1 of next year.

6 We take this issue seriously enough that we have  
7 convened a meeting of the New York City Water Board,  
8 which sets rates for next week. While we have not  
9 yet decided what to ask for, this would be the first  
10 step in setting in motion a mid-year rate hike to  
11 make up for lost revenue. This is a prophylactic  
12 step in case the Council moves forward with this  
13 suite of legislation, but we hope it will not be  
14 necessary, in which case we will terminate the  
15 process.

16 We support the Council's goals of transparency  
17 and fairness, and we've worked closely with you to  
18 make these real in last year's reforms but we are  
19 deeply concerned that the bills being considered  
20 today, particularly 1407 and the proposals to  
21 transfer lien authority to a land bank, 1420 and 570,  
22 would effectively undermine the lien sale.

23 Requiring Council approval for each sale or  
24 putting enforcement in the hands of an outside entity  
25 would create conflicts of interest and uncertainty

2 that could destabilize the entire system. Some  
3 advocates have even endorsed these bills by saying  
4 they would end the lien sale. If that's the case, we  
5 must plan and budget as though the lien sale no  
6 longer exists, which would mean higher rates or  
7 slower climate investments.

8 We do, however, support reasonable improvements  
9 such as those in Intro.'s 1411 and 1419, which  
10 enhance reporting and notification. DEP is always  
11 willing to make this process clearer, more  
12 compassionate, and more accountable, so long as it  
13 still works.

14 Thank you for the opportunity to comment on this  
15 legislation. I look forward to your questions.

16 CHAIRPERSON BRANNAN: Thank you Commissioner.

17 KIM DARGA: Good morning Chair Brannan, Speaker  
18 Adams and New York City Committee on Finance members.  
19 My name is Kim Darga and I am the Deputy Commissioner  
20 of the Office of Development at HPD. Today, we'll be  
21 testifying on Intro. 570 A, a bill to create a land  
22 bank in New York City. I will speak to the bill's  
23 stated intent to maximize the productive use of  
24 property to meet the needs of the surrounding  
25 community and the city at large as it relates to

2 affordable housing. We defer to other agency  
3 partners on the implication of this bill for non-  
4 housing uses.

5 As an agency, HPD's goal is always to meet New  
6 Yorkers' need for affordable housing with urgency and  
7 efficiency. In service of our goal, HPD has a number  
8 of tools that afford us the flexibility to support  
9 acquisition and preservation or construction of  
10 affordable housing.

11 While we are always open to exploring new  
12 options, New York City is fortunate to have the  
13 authority, resources, and partners to acquire  
14 property for affordable housing.

15 We acquire and preserve or construct affordable  
16 housing through a variety of new construction and  
17 preservation programs. More specifically, our  
18 programs offer a combination of property tax  
19 benefits, low cost financing, and programs  
20 specifically designed to support acquisition. For  
21 example, the New York City Acquisition Fund is an  
22 over \$200 million fund that provide acquisition  
23 bridge financing of land and buildings.

24 A program that we have worked closely with City  
25 Council on, the Neighborhood Pillars program,

2 provides construction and permanent financing to  
3 support acquisition and rehabilitation of distressed  
4 properties for stabilization and long term  
5 affordability.

6 Along with HPD financing, we created the  
7 Neighborhood Pillars Downpayment Assistance Fund to  
8 provide technical and downpayment assistance for  
9 qualified nonprofit and MWBE partners. Regardless of  
10 the program, HPD works with the parties seeking to  
11 acquire property to ensure the cost is reasonable and  
12 there is a viable financing plan in place.

13 HPD has confidence that these tools work in  
14 enabling the city to support the acquisition and  
15 construction or rehabilitation of affordable housing  
16 in the short, medium and long term. HPD also  
17 partners with Neighborhood Restore, HDFC, an  
18 organization along with its affiliate nonprofit  
19 entities, Neighborhood Renewal HDFC, Restored Homes  
20 HDFC, Restoring Communities HDFC, Preserving City  
21 Neighborhoods HDFC, and Project Rebuild, that work  
22 with HPD on programs that seek to foster neighborhood  
23 stabilization by efficiently transitioning properties  
24 from physical and financial instability to  
25 responsible new ownership. To effectuate these

2 stabilization goals, Neighborhood Restore, or an  
3 affiliate often serves as an interim owner partnering  
4 with a qualified developer and manager to manage the  
5 property during this phase and secure the financing  
6 and other approvals necessary to construct or  
7 renovate housing.

8 Neighborhood Restore or an affiliate entity has  
9 fulfilled the stabilization role in various programs  
10 and initiatives since the late 1990's, including as  
11 part of the Third Party Transfer Program, Affordable  
12 Neighborhood Cooperative Program, Cluster Conversion  
13 Program, Community Restoration Fund, and Project  
14 Rebuild, along with a number of other programs.

15 While we appreciate the previous discussions with  
16 Council on the idea of a land bank and its goals, we  
17 continue to believe it's important to carefully  
18 assess the potential unintended consequences of this  
19 bill, included added cost delays and duplication of  
20 existing functions. These include staffing and  
21 administrative costs for developing a new entity,  
22 caring costs for long term property management and  
23 potential market distortion and higher acquisition  
24 costs where the city is directly negotiating to name  
25 a few.

2        We're open to continuing to work with Council to  
3        discuss any gaps in our current tools that a land  
4        bank could address with the goal of putting forward  
5        policy solutions that strengthen the efficiency and  
6        effectiveness of our affordable housing work. Thank  
7        you for the opportunity to testify today.

8            CHAIRPERSON BRANNAN: Thank you all for your  
9        testimony. We've also been joined by Council Members  
10       Farias, Sanchez and Louis. I'm now going to turn it  
11       to our Speaker for her first round of questions.

12           SPEAKER ADRIENNE ADAMS: Thank you very much Mr.  
13       Chair. I'm just going to start out by dealing with  
14       the articles and we all read things. So, right off  
15       the bat, I need to comment on the language coming  
16       from members of the Administration claiming that  
17       these bills would cause massive revenue shortfalls.

18           This is a flagrant misrepresentation of what  
19       these bills do. Yesterday, the DEP commissioner was  
20       quoted in a New York Post article that claimed this  
21       package of bills would end water debt enforcement.  
22       That's simply not true.

23           OMB actually provided a fiscal impact estimate  
24       that included a threat that the DEP would stop work  
25       on critical capital projects, which the Commissioner,

2 you just referenced in your opening statement. In  
3 Council Member Brannan, Nurse and Sanchez's districts  
4 and I believe Council Member Williams in my district  
5 as well, but to be clear, there's absolutely nothing  
6 in these bills that require the city to stop  
7 enforcing taxes or water bills.

8 Our staff have communicated that fact repeatedly  
9 to members of the Administration, including staff at  
10 DOF, DEP, and OMB. Fundamentally, this bill simply  
11 requires an extra layer of review by the Council to  
12 ensure that tax foreclosed properties do not end up  
13 in the hands of slumlords and to prevent needless  
14 displacement of homeowners and tenants. It's really  
15 frustrating that as we try to have meaningful  
16 conversations about how to improve tax enforcement,  
17 the Administration turns around and woefully  
18 misrepresents the truth. I just had to get that off  
19 my chest. So, if there is any place any Commissioner  
20 can point out in a specific section of the bill that  
21 says that the city has to stop tax and water  
22 enforcement, please point that out to us.

23 PRESTON NIBLACK: If I may, I think our concern  
24 about 1407, in particular Madam Speaker, is the  
25 annual resolution and I think our concern is there's

2 a lot of preparation and a lot of work that goes into  
3 each lien sale. There's programming that has to  
4 happen. There are laws that have to be - rules that  
5 have to be drafted, etc..

6 We've already begun work you know in preparation  
7 for next years lien sale. I think our fear is that  
8 if we have to come each year to the Council for a  
9 Resolution, we kind of reopen the negotiation of the  
10 terms of the lien sale right after we reauthorized it  
11 for four years and I guess we don't - you know we  
12 view that annual resolution as something that was -  
13 if we have to renegotiate every single time, in  
14 practical terms, we won't be able to do a lien sale  
15 every year. That's the nature of our concern.

16 SPEAKER ADRIENNE ADAMS: I absolutely appreciate  
17 your explanation and the conversations that we've all  
18 been having. That said, the misrepresentation in the  
19 article was extreme. In blatantly calling out my  
20 bill in particular for something that it is not and I  
21 just wanted to get that on the record. That's why I  
22 was asking specifically where. Anyone that gave any  
23 input to that article had specific information where  
24 it's stated in the legislation that uh that the  
25 city would have to stop tax and water enforcement,

2 which is something that this Council is not stating  
3 in any pieces of legislation presented.

4 ROHIT T. AGGARWALA: Madam Speaker, I will also  
5 point out that uh I don't know which quote you are  
6 referencing about -

7 SPEAKER ADRIENNE ADAMS: It was a New York Post  
8 article.

9 ROHIT T. AGGARWALA: But uhm, as I've said and as  
10 Commissioner Niblack has said, the lien sale from our  
11 point of view functions as a package. The ultimate  
12 step of foreclosure as I pointed out, has literally  
13 occurred only 59 times in 10 years but it is the  
14 whole process that brings in the revenue. We started  
15 this years lien sale with nearly 30,000 water  
16 delinquent properties. All of those had been  
17 receiving monthly or quarterly bills for at least two  
18 years, reminding them they were overdue. More than a  
19 quarter of them only responded and either paid or  
20 acknowledged what their exemption status, what their  
21 dispute with us was. A quarter of them only did so  
22 when they got the first prelien warning, right? That  
23 phrase of the lien sale, which to most people says  
24 you are on the road to foreclosure, is a motivating  
25 factor.

2 And so, I think that is where our concern is.  
3 That is why OMB is FIS, identified that large  
4 potential revenue impact to us and every day we have  
5 to translate our revenue into our capital budget and  
6 I do not have a lot of projects. We have worked  
7 really hard over the last four years to create room  
8 in our budget so we could do stormwater resilience.  
9 And it's one of the reasons that we have focused so  
10 much on collections over the last four years because  
11 that \$1.2 billion in unpaid bills that we started  
12 with was hindering our ability to invest in the  
13 system. So, that is the interconnection.

14 SPEAKER ADRIENNE ADAMS: With all due respect  
15 Commissioner, we are on board with continuing  
16 enforcement and you're actually proving our point in  
17 what you just said about resolutions year after year  
18 because with a lien bank, we'd have no need to do  
19 that. So, I think that that would in fact accomplish  
20 the very task that we're all looking forward to is  
21 not to have resolutions year and year. The lien bank  
22 would resolve that situation.

23 Uhm, I'm going to move on. The revenue impact  
24 that the Administration is claiming leads us to  
25 believe that this Administration wouldn't sell to a

2 lien bank nor would ever make a request to conduct  
3 another lien sale and why would that be?

4 PRESTON NIBLACK: I think the revenue impact -  
5 there's a goal here obviously of collection and  
6 enforcement of unpaid taxes and that as I've said in  
7 the past, it's a matter of basic fairness as well if  
8 we're not - if we don't have a mechanism for  
9 enforcement, people to use the egregious example of  
10 the swimming pool builders, you know there are people  
11 who could pay but who will not, who will take  
12 advantage of the system. The thrust of our reforms  
13 under Local Law 82 last year and our proposals this  
14 year sort of extends some of that into the post lien  
15 sale period are to make sure that we are finding ways  
16 for owners who are genuinely struggling to resolve  
17 their debt without foreclosure.

18 Uhm, and I think you know again, to just mention  
19 the proposals, we want to work with you on with  
20 respect to the post lien sale period. We think  
21 there's more intervention we could do here,  
22 especially when people are facing the threat of  
23 imminent foreclosure to try and again find ways for  
24 them to avoid that. Our goal is always zero  
25 foreclosures. We don't - we're aware that every

2 foreclosure is a trauma and we don't want to go to  
3 the point of foreclosures you know in particular on  
4 homeowners.

5 Uhm, we want to find work with you all to find  
6 ways to avoid that.

7 SPEAKER ADRIENNE ADAMS: Yeah, we do agree with  
8 that. We are trying to keep enforcement. I think  
9 that's you know that's a point that's well taken and  
10 actually a point that we've been driving at the  
11 Council to make sure that that happens. Right now,  
12 the threshold of debt to sell tax liens on class one  
13 homes is set at a relatively low level, \$5,000 for  
14 property taxes or as low as \$3,000 for water charges.  
15 The Administration has strenuously argued to keep  
16 thresholds low out of concern that if thresholds were  
17 higher it would be much harder for a property owner  
18 to resolve the debt. There was a lot of logic in  
19 that argument, we agree. However, I think that it's  
20 unconscionable for a homeowner to actually lose their  
21 home over a \$3,000 unpaid water bill. That's  
22 preposterous.

23 So, putting aside what the law would allow, at  
24 what point do you believe it's appropriate to  
25

2 foreclose on a homeowners primary residence to  
3 enforce a tax lien?

4 PRESTON NIBLACK: I think the - with respect to  
5 the threshold that's in 1407, set in 1407, I think  
6 it's problematic to set essentially two thresholds.  
7 One to be in a lien sale and then another one for  
8 foreclosure because it means that there's not really  
9 an incentive to address the debt if the foreclosure  
10 threshold is so much higher than the lien sale  
11 threshold. It makes the lien sale threshold kind of  
12 meaningless frankly.

13 I completely take the point that it is a tragedy  
14 that we should seek to avoid as much as possible.  
15 That anyone should lose their home over a bill that  
16 is manageable and payable and when they have not you  
17 know woefully disregarded for years paying their  
18 debt. You know there's no reason for that and we  
19 think again, we want to find as many ways as possible  
20 to work to intervene to find a route to make sure  
21 that does not happen.

22 The recent case that was in the news about a  
23 homeowner lost their home over a \$5,000 debt.  
24 Honestly, no one wanted that to happen. It shouldn't  
25 have to happen and we are - the thrust of Local Law

2 82 and further efforts that we can work on together I  
3 think are to make sure that that does not happen  
4 again in the future.

5 SPEAKER ADRIENNE ADAMS: I appreciate that  
6 Commissioner very much but how do you then balance  
7 the city's fiscal need to collect revenues with the  
8 negative impacts of foreclosure to homeowners?

9 PRESTON NIBLACK: Ultimately, I - we have to have  
10 foreclosure as the ultimate sanction. I mean, duty  
11 bound right as the Commissioner of Finance to collect  
12 property taxes. And again, I view this as a matter  
13 of basic fairness. In the end of the day, I could  
14 not ever promise you that there would be zero  
15 foreclosures in situations like this. What I can  
16 promise you is that we will work with you every step  
17 of the way to find ways to avoid that happening.

18 SPEAKER ADRIENNE ADAMS: Which, if any City  
19 Commissioners are aware of tax lien foreclosure  
20 actions against homeowners before they actually  
21 happen and are they required to approve those  
22 foreclosure actions and at what point?

23 PRESTON NIBLACK: Once the liens are sold and  
24 they are under the purview of the trust and the trust  
25 manager, we do oversee that. We oversee the

2 servicers. They are empowered. They have all the  
3 rights under their contract, under the law. They  
4 have all the rights to collection that the city does.  
5 So, they don't need to come back to us and they don't  
6 come back to us, except occasionally there will be a  
7 marginal case where they'll come back to it and  
8 they'll say like, listen, we need some guidance,  
9 legal guidance here. You know we think there's  
10 possibly a resolution, do you want us to stop etc..  
11 Or one of you or a member of the community group will  
12 bring those cases to us but in general we don't  
13 intervene or approve or have any approval rights over  
14 foreclosures, actions or other collection efforts,  
15 except what's spelled out in the contract with the  
16 servicers.

17 SPEAKER ADRIENNE ADAMS: So, it's really  
18 enforcement by the trust?

19 PRESTON NIBLACK: It is enforcement by the trust  
20 and the servicers, yes, which is overseen by the  
21 Department of Finance, OMB and the Law Department.

22 SPEAKER ADRIENNE ADAMS: And the trust basically  
23 are empowered to collect as quickly as possible?

24 PRESTON NIBLACK: The trust - when a lien is  
25 sold, it is due and pay - under the law, it is due

2 and payable within at one year essentially  
3 afterwards. If there is - if the homeowner or the  
4 property owner continues to pay the interest as is  
5 required, then there will be no foreclosure effort  
6 before that one year mark.

7 If they fail to pay the interest that is due each  
8 month and they get a bill regularly, quarterly -  
9 quarterly from the servicer for the interest  
10 payments. If they fail to pay those, then  
11 foreclosure can begin sooner. I think you referenced  
12 seven months. That sort of indicates where there is  
13 unpaid interest. But normally it's one year before  
14 foreclosure actually will begin.

15 SPEAKER ADRIENNE ADAMS: So, basically there is  
16 no flexibility that's given for a homeowner or the  
17 structure basically is to pay the interest?

18 PRESTON NIBLACK: Yes, correct. That's the terms  
19 of the lien sale. I'm going to ask Deputy  
20 Commissioner Hill to elaborate on this a little bit.

21 ANNETTE HILL: Yeah hi, good morning. Uhm,  
22 generally the services offer payment plans to the  
23 homeowners and they offer a payment plan up to three  
24 years with no payment down.

2       They also have the ability to offer installment  
3       agreements after foreclosure action has been filed  
4       against the property as well as offer new payment  
5       plans to tax payers who previously defaulted on their  
6       payment plan.

7       So, they do have the ability to go into a payment  
8       agreement with the services.

9       SPEAKER ADRIENNE ADAMS: What's your success  
10      rate?

11       ANNETTE HILL: I don't have the numbers in front  
12      of me but about half of the properties that do get  
13      sold go into some kind of payment agreement and if  
14      they default, if they are delinquent more than 30  
15      days and if they are fit for review, a letter is sent  
16      to the homeowner saying you're delinquent. If it's  
17      more than 90 days, a second letter is sent and also a  
18      phone call is made to tell them you're delinquent in  
19      your property agreement and they offer them, do you  
20      want to go into a new plan? They could go into then  
21      the default. They do give them a chance to go into  
22      another payment plan.

23       SPEAKER ADRIENNE ADAMS: So, the city basically  
24      is not involved in making the final decision when it  
25      comes to foreclosure at all, correct?

2 ANNETTE HILL: No.

3 PRESTON NIBLACK: That's correct.

4 SPEAKER ADRIENNE ADAMS: That is correct. That's  
5 interesting. Uhm, one of the major thrusts of the  
6 reforms to the pre-lien sale process in Local Law 82  
7 was to provide multiple offramps for homeowners to  
8 avoid the lien sale. This was backed by \$2 million  
9 in outreach funding to make sure that homeowners know  
10 their options with enough time to use them. How  
11 effective do you think these reforms were in removing  
12 owner occupied homes from this year's lien sale?

13 PRESTON NIBLACK: I think we had a higher rate of  
14 removal of properties from the original 90 day notice  
15 then we had in the six previous lien sales, it was 85  
16 percent and the average has been a little below that.  
17 Uhm, I don't have the statistics right in front of  
18 me, although Annette probably does but I mean I think  
19 we're happy with the outcome in terms of the number  
20 of liens that were resolved or removed prior to the  
21 lien sale date and I think a lot of that had to do  
22 with the outreach efforts. We started in last month  
23 or September, uh working with our outreach partners  
24 from all the agencies, from the Mayor's public  
25 engagement unit from the Center for New York City

2 Neighborhoods. So, sort of do a lessons learned from  
3 the outreach and make sure that we improve the  
4 process continually as we go forward.

5 So, I think we - overall we counted it as a  
6 success in terms of how we did in getting people out  
7 of the lien sale.

8 SPEAKER ADRIENNE ADAMS: Do you have a number  
9 Commissioner on how many owner occupied properties  
10 were sold in this years lien sale?

11 PRESTON NIBLACK: Let me look. If I may, I'd  
12 like to go back to the point out our role in  
13 exercising foreclosure options here.

14 SPEAKER ADRIENNE ADAMS: Yeah.

15 PRESTON NIBLACK: I think you know we don't get  
16 involved because we want to have an impartial rule  
17 based administration of this process. And again, you  
18 know we fully support the goal of zero foreclosure  
19 and want to work with you all in every way we can to  
20 find you know as many paths as possible to avoid  
21 that. I'm not sure a land bank if it had enforcement  
22 authority would be in a different position  
23 necessarily. They would still have to administer and  
24 ultimately be willing to foreclose and I think my  
25 concern as I expressed was that that would actually

2 be attention. If the enforcement mechanism and the  
3 sort of development mechanism of a land bank or  
4 housed in the same entity. They would sort of be  
5 working across purposes with themselves. I believe  
6 that you know we've talked about properties that we  
7 didn't - we wanted to be able to essentially find  
8 another disposition for. I think we can do that  
9 while preserving what we believe is a very effective  
10 and efficient enforcement mechanism that we have now.  
11 We can introduce more transparency and Council role  
12 into that mechanism and uhm still have you know a  
13 separate land bank and discuss what are the  
14 parameters of properties that we might want to take  
15 out of the potential for foreclosure action or  
16 vacant, abandoned, distressed, etc., and move them  
17 into a pathway to more productive use.

18 SPEAKER ADRIENNE ADAMS: I think what I'm  
19 feeling, what I'm hearing from you is a lot of  
20 perhaps the conversations that have gone on around  
21 this issue, you know and myself having been through  
22 this now with several administrations, unfortunately  
23 I might add but continuing to progress each time we  
24 go through these exercises and wanting to come to the  
25 right decisions when we're effecting so many people.

2 And we want to make sure that so many people are  
3 indeed protected. So, the tensions that you're  
4 mentioning with land bank, basically we feel the same  
5 tensions right here in this hearing and speaking once  
6 again about this and trying to hammer this out the  
7 right way but we really do need to face it head on.  
8 Uhm, we don't need to ignore it at all. Someone has  
9 to actually do that hard work of navigating, when to  
10 foreclose and how to minimize those negative impacts  
11 and that is what this Council really - that's the  
12 objective of this legislation. So, with that, I'm  
13 going to turn it back over and thank you for your  
14 testimony.

15 PRESTON NIBLACK: Thank you Madam Speaker and I  
16 think we do share your goals. We differ on you know  
17 the right paths to get there but I think there's no  
18 question that we share the Council's goals on this.  
19 Thank you.

20 SPEAKER ADRIENNE ADAMS: Thank you. Chair?

21 CHAIRPERSON BRANNAN: Thank you Speaker. Uhm, so  
22 the city sells liens to a trust and general trusts  
23 are created to hold assets in order to provide  
24 additional protection issue debts against them and  
25 address tax liability issues. While the tax lien

2 trust do issue debt, they also take on the role of  
3 the final and most delicate stage of the city's tax  
4 enforcement process, which is foreclosure. So, why  
5 does the city decide to create a trust each year  
6 rather than look to a public authority or a nonprofit  
7 entity similar to EDC or the Transitional Finance  
8 Authority to undertake this core city responsibility?

9 PRESTON NIBLACK: The trust instrument is  
10 essentially one that is tied to the financing of the  
11 purchase of the liens. As you know, we issue - the  
12 trust issues bonds each year, it's about a three year  
13 term uhm that are secure ties by the pool of liens  
14 that are ultimately sold and those are - each trust  
15 needs to be separate essentially in order to address  
16 legal - legally address that - the bond repayment.

17 CHAIRPERSON BRANNAN: Are there other areas where  
18 trust have been created to undertake core city  
19 functions?

20 PRESTON NIBLACK: Uh, I don't know that there's  
21 anything quite parallel in other areas but I don't  
22 know that I have an encyclopedic knowledge of all the  
23 -

24 CHAIRPERSON BRANNAN: What authority -

25 PRESTON NIBLACK: Annette knows better than I do.

2 CHAIRPERSON BRANNAN: Where does the city's  
3 authority to create tax lien trust come from?

4 PRESTON NIBLACK: Well, it's initially in state  
5 law and then it's enacted in Local Law and the  
6 Administrative code. The authority, the initial  
7 authority is in state law.

8 CHAIRPERSON BRANNAN: Have you - have any changes  
9 been made to the operations of the trust or its  
10 servicers or any other aspects on how tax liens are  
11 enforced after the liens are sold in your time?

12 PRESTON NIBLACK: After the liens are sold in my  
13 time - in my time as Finance Commissioner?

14 CHAIRPERSON BRANNAN: Yeah.

15 PRESTON NIBLACK: No. We've only had one lien  
16 sale - I mean, yes, there are a lot of changes in the  
17 whole process prior to the lien sale and I - you know  
18 I think we also recognize thanks to your - thanks to  
19 the taskforce and thanks to conversations with you  
20 all that there is a need for more intervention. Once  
21 the liens are sold for people who may be facing  
22 foreclosure and that's where we want to you know work  
23 with you all and our proposals there to implement  
24 some safeguards, more intervention to help homeowners  
25 avoid foreclosure in that period.

2                   CHAIRPERSON BRANNAN: Okay I want to get a little  
3 subterranean here. The trust hires a number of  
4 entities to do work on its behalf. This includes the  
5 servicers MTAG and Tower Capital Wilmington Trust  
6 Company RESF. I presume there are bond council's and  
7 other outside legal assistance. Can you describe the  
8 roles that each of the entities play? How are they  
9 chosen? How does the city see oversee their work and  
10 what are they paid?

11                  PRESTON NIBLACK: So, when the trust is created,  
12 uh the trust, which is us essentially hires a trust  
13 manager. That's RESF. The trust manager in turn  
14 issues the debt and it hires two servicers - firms to  
15 provide the services for the collection. The  
16 issuance of the bonds is essentially paid for by  
17 OMB'S bond council already, existing mechanism for  
18 selling bonds. So, there's no additional costs there  
19 except what's normal in the process. Uhm, the  
20 contracts, which are now public on our website with  
21 the trust manager and the collector and the  
22 servicers. Our you know there are - some of their  
23 duties and obligations are spelled out in law, some  
24 of them are spelled out in the contracts. Uhm but  
25 it's you know prescribed here exactly how they are

2 supposed to proceed in the collection of debt and  
3 Annette, do you want to add anything about the  
4 servicers?

5 ANNETTE HILL: Yeah, the servicers have an  
6 agreement. It tells them exactly what the process  
7 they should take and how in collections and also  
8 details when they could act on for foreclosure which  
9 is based on the state law for foreclosure, the  
10 judicial process. Uhm, it's very clear and it is on  
11 our website as to what they can and cannot do.

12 CHAIRPERSON BRANNAN: Are there tasks that city  
13 agency staff undertakes on behalf of the trust?

14 PRESTON NIBLACK: Not on behalf of the trust. I  
15 mean we oversee the trust function and the trust  
16 managers, contract and the operations of the trust  
17 manager and the servicers.

18 CHAIRPERSON BRANNAN: So, I would presume that  
19 the trust is required to make a number of decisions  
20 as it carries out foreclosure of proceedings. Could  
21 you tell us about some of the types of decisions that  
22 the trust has to make and how those decisions are  
23 made?

24 ANNETTE HILL: Okay, so the foreclosure process  
25 as I said follows the New York State Law. So, there

2 is about eight to nine steps that they have to go  
3 through to get to the point of finally foreclosure on  
4 the property. Before foreclosure, a pre-foreclosure  
5 notice is sent to the property owner. That's usually  
6 about after about seven months if they haven't paid  
7 the interest or haven't paid anything on the lien.

8       Then a complaint or notice is filed at the County  
9 Clerks Office where the property is located and the  
10 owner is presently sued as well as any interested  
11 parties of providing legal notice, a formal complaint  
12 given them the opportunity to present a defense to  
13 the court. That's usually from the time the lien is  
14 sold between 11 and 17 months. The court appoints a  
15 referee, which is the attorney to certify the amount  
16 that's due. That's about 21 to 31 months after the  
17 lien. It takes anywhere between 21 and 31 months for  
18 that process.

19       The trust adjustment against the property, that's  
20 usually about after 22 to 33 months. The court will  
21 issue a final judgement against the property and an  
22 auction scheduled by the referee. That's in the  
23 timeline. That's between 24 to 37 months. The  
24 auction is held on the county steps. The trust has  
25 the right but not the legal obligation to bid in the

2 delinquent tax amount due at the auction. That  
3 happens between 26 to 42 months.

4 The highest bidder has the right to take  
5 ownership of the property by paying the bid amount to  
6 the referee in exchange for the deed. Trust receives  
7 the proceeds and the lien is released.

8 So, that whole process takes anywhere between up  
9 to 45, 48 months. Uhm, all during that process at  
10 any time if the homeowner approaches the service  
11 centers and says I want to on a payment plan, they  
12 have the right to do that up until the very last  
13 point before the actual auction, they could still go  
14 on a payment plan. There's many times where property  
15 owners have gotten to the service and say I want to  
16 go and it's like days or minutes before the auction  
17 and they will stop it and allow them to go on a  
18 payment plan.

19 So, they never lose their rights until that  
20 property actually gets auctioned. They have the  
21 right up until the auction to go on a payment plan or  
22 make any kind of resolution to pay and redeem their  
23 lien.

24 CHAIRPERSON BRANNAN: So, how are the terms of  
25 the - go ahead.

2 PRESTON NIBLACK: Well, I just want to put a  
3 point on what Deputy Commissioner Hill just said. I  
4 mean it's a state prescribed process, state law  
5 prescribed process. It's in the court system and the  
6 steps are very detailed and elaborate for foreclosure  
7 action. I think where the servicers make decisions  
8 is working with homeowners to try and get them or  
9 property owners to try and get them to a point of  
10 resolution. The compensation of the contracts and  
11 services are actually structured to favor collection  
12 because they are not - they don't recoup any of their  
13 foreclosure costs. So, you know what they earn on a  
14 foreclosure is less than what they earn on a standard  
15 collection.

16 Uhm, so they you know I mean I think we've had  
17 cases where an owner has gone through five or six  
18 payment plans and defaults before you know getting to  
19 the point of finally resolving their debt, and the  
20 discretion, the exercise of discretion and decision  
21 making on the servicers is to allow that. You know  
22 they don't - I know there's an impression that it's a  
23 foreclosure machine but it's not. I mean it can't  
24 end up in foreclosure but the process is really  
25 designed and the servicers are incentivized to work

2 with owners to resolve the debt rather than just  
3 foreclose.

4 CHAIRPERSON BRANNAN: I guess what we're trying  
5 to get - I appreciate that. I guess what we're  
6 trying to get at is understanding that each  
7 situation, each case is different. How are the  
8 decisions - you know when is a decision made to start  
9 a foreclosure process, to pause. Is there any - I  
10 want to understand if it's not arbitrary, how are  
11 those decision points made. What has to trigger in  
12 order for those decisions to happen?

13 PRESTON NIBLACK: I mean I think what triggers  
14 the initiation of a foreclosure is when you have  
15 sought to work with an owner and they have not taken  
16 the steps necessary. If they come forward as Deputy  
17 Commissioner Hill pointed out, you know at any point  
18 they come forward and make a payment, start a payment  
19 plan. I think our you know what we typically expect  
20 is that the services will work with people as much as  
21 possible to collect and avoid foreclosure, including  
22 through payments plans. I you know if there's no  
23 indication that the homeowner or the property owner  
24 is willing to work or resolve their debt, then  
25 foreclosure can be initiated and there are a lot of -

2 many foreclosure actions that never end up in an  
3 auction right. It's a percentage, small percentage  
4 that actually end up in an auction. Many people,  
5 once they receive that notice, will come in and  
6 resolve the debt.

7 So, the fact that a foreclosure is initiated is  
8 in some ways you know a version of the lien selling  
9 the lien just later in process. It's to sort of say  
10 okay, now we're going to take the next step to get  
11 you to the point of working with us to resolve the  
12 debt.

13 What we're proposing, sorry let me stop.

14 CHAIRPERSON BRANNAN: Anecdotally, we've heard  
15 that I guess we're trying to understand the payment  
16 plans, how those terms are decided because  
17 anecdotally we've heard they're not very flexible.

18 PRESTON NIBLACK: I mean, once the liens are  
19 sold, the payment plans offered by the services are  
20 not like the standard payment plans that we would  
21 offer prior to the sale of the liens. They are  
22 limited; they are shorter. I mean I think you can go  
23 zero down but typically the term is about three  
24 years, 36 months.

25

2                   CHAIRPERSON BRANNAN: Okay, uhm I want to ask  
3 about Tower Capital Management. It's one of the  
4 servicers who collects data on behalf of the trust.  
5 According to their website, a property owner is not  
6 allowed to enter into a payment agreement with the  
7 trust unless the owner can provide evidence that the  
8 properties current taxes are paid in full. So, that  
9 means property owners are directed to prioritize new  
10 DOF and DEP charges before addressing tax liens that  
11 have been sold.

12                  These sold liens are the debts that put a  
13 property at immediate risk of foreclosure. So, since  
14 the debt owed to the trust is what puts the property  
15 at foreclosure risk, should we be doing everything to  
16 get owners to pay that debt first before paying the  
17 new charges to DEP or DOF?

18                  PRESTON NIBLACK: You know this is and I think  
19 honestly it took us a little while to quite  
20 understand the issue that you are bringing to our  
21 attention here before but I think there is a gap in  
22 understanding sometimes confusing sometimes on  
23 owners. They get a bill from DOF quarterly or  
24 semiannually, which doesn't mention that they owe  
25 money to the trust, to the servicers for a sold lien.

2 They get communications and billing from the lien  
3 servicer who doesn't mention that you also by the way  
4 owe money to DOF. I think we are now looking at both  
5 of those noticing to improve those so that people are  
6 aware. And ultimately it would be nice if there was  
7 a single system whereby you could sort of prioritize.  
8 I don't know if you've ever been involved in a  
9 technology project in the city but I don't know if  
10 we'll quite get there any time soon but you know I  
11 think the noticing and I'll say also the outreach is  
12 super important in helping people understand that  
13 point and we do want to clarify for people because I  
14 know that people come in and pay the bill and they  
15 don't understand actually which bill they've actually  
16 paid.

17 So, they pay their current charges and they think  
18 why am I still in the lien sale? Or they'll pay the  
19 lien sale bill and they'll say well, why am I now  
20 delinquent on my current charges?

21 CHAIRPERSON BRANNAN: But have we identified why  
22 the prioritization is set that way because what we're  
23 hearing is the trust won't let you get into a payment  
24 plan until you're paid off with those new bills.

2 PRESTON NIBLACK: Well, I think that's fairly  
3 standard uh sale terms. I don't know and if you have  
4 more insight into that Deputy Commissioner but no.  
5 No, we can get back to you - yeah we'll have to look  
6 into that a little bit more.

7 CHAIRPERSON BRANNAN: We'd like to learn more  
8 about who made that determination. Was it the city?  
9 Was it the servicers? The trust administrator? Uhm,  
10 I have a couple more then I want to get to my  
11 colleagues. A key feature of the tax lien trust is  
12 that they issue bonds back by the expected revenues  
13 from the collection of those debts. This allows the  
14 city to get paid for some of the debts earlier than  
15 it would otherwise. So, could you tell us the  
16 reasons why the city believes bonding is important in  
17 this process. Would it be possible to use the trust  
18 model without bonds?

19 PRESTON NIBLACK: So, the original concept here  
20 when the lien sale model was first enacted in 1996  
21 was to have this city created by a separate  
22 standalone entity. It would have the ability to  
23 purchase the liens from the city and then they own  
24 the liens and they had as I mentioned all the rights  
25 to collection and all the risks associated with

2 collection. The mechanism for that purchase was  
3 through the issuance of bonds, so that you know sort  
4 of the expected value of the collections of those  
5 liens could be realized by the city up front.

6 I think what helps with the effectiveness of  
7 collection is the fact that those bonds have to be  
8 repaid. So, the servicers you know are collecting  
9 debt and resolving debt with people in order to make  
10 sure that those bonds are covered. It's structured  
11 in a way that they're going to get covered but I  
12 think that that's - was the basic thought behind the  
13 use of bonding as a mechanism here was to provide  
14 upfront cash to the city and to ensure that those  
15 collections, that upfront cash was realized.

16 But do you think that bond impair the flexibility  
17 of the trust to provide more time and more options to  
18 pay?

19 PRESTON NIBLACK: I think it's certainly possible  
20 to imagine you know a mechanism where we didn't have  
21 to use bonds. We had some other but I'm not sure  
22 that it would be honestly as effective in collection  
23 and I'm not sure that it would have the same sort of  
24 incentives and same benefit for the city that the  
25 current mechanism has.

2           Ultimately, I'm hesitant to answer this question  
3           very definitively. I think this is a question for  
4           the Office of Management and Budget honestly about  
5           you know how the financing - what they you know see  
6           as the pros and cons I guess of an alternative to  
7           using bonds for financing.

8           CHAIRPERSON BRANNAN: Okay. Who are the  
9           purchasers of the bonds? How are they sold? Can  
10           anybody buy them?

11           PRESTON NIBLACK: We don't know all that much  
12           about the personal bonds but you know typically we  
13           see in our capital program for example, uhm on our  
14           cash management, we have uh most of the bonds are  
15           purchased by institutional investors and they're  
16           looking for a certain sweet spot in terms of  
17           duration, in terms of interest rate and so it's  
18           pension funds, insurance companies, mutual funds, you  
19           know so it's largely institutional investors. Very  
20           few bonds of any type are actually purchased by  
21           individuals anymore. It's mostly through the you  
22           know mutual fund that buys bonds for example might  
23           include bonds of a three year - two or three year  
24           duration in their portfolio.

2 CHAIRPERSON BRANNAN: Okay, thank you  
3 Commissioner. I want to move to a few questions for  
4 the DEP Commissioner. Uhm, I want to echo what our  
5 Speaker raised. I mean we were mortified to see some  
6 of our capital projects singled out. Uhm, usually  
7 not used to DEP playing hardball like that. There's  
8 no where in any of these bills are we suggesting  
9 people not pay their water bills. Uhm, and this is  
10 not personal, this is business. This is our job.  
11 Uhm, to see capital projects in the neighborhoods of  
12 me and the sponsors of these bills was wild.

13 I'm glad you cleared it up that that wasn't some  
14 sort of threat but when we read it in the New York  
15 Post, that certainly how it read to us. You weren't  
16 calling our projects in Staten Island or in Manhattan  
17 or whatever. You were calling our projects in our  
18 districts. In no where in any of these bills does it  
19 say people should stop paying their water bills.

20 So, we appreciate you giving us some clarity on  
21 that but it was read as chim music and that's what we  
22 think it was. Uhm, how much was the water systems  
23 rental payment requested by the city this year?

2 ROHIT AGGARWALA: Actually, I believe it's 290.

3 Correct me? I think it's 298 but it's in that  
4 ballpark.

5 CHAIRPERSON BRANNAN: Okay and does the water  
6 system pay for this through raising the rate?

7 ROHIT AGGARWALA: Yes, as we in part, we were  
8 clear about that. Uh in the not this past year but  
9 the previous year when the rental payment was first  
10 put in the budget, which the executive proposed and  
11 the Council approved. We did explain to the water  
12 rate that a portion of the 2024 rate hike was  
13 directly attributable to the presumption of the water  
14 - the rental payment, and I think Nerissa, did we  
15 have something this year as well? In our breakdown  
16 of the water rate to the Water Board, how much was  
17 attributed to the rental payment? Yeah, well that's  
18 okay, but I can get back to you. I'd have to look  
19 back at what we presented to the Water Board this  
20 past uh, this past May. Uhm, I think we may have  
21 attributed a portion of the 3.7 percent to it as  
22 well.

23 CHAIRPERSON BRANNAN: How much lower would the  
24 water rates be without the \$300 million a year rental  
25 payment?

2 ROHIT AGGARWALA: It's uh, you know as I said,  
3 our revenues are about \$4.75 billion. Uhm, so at a  
4 simple mathematical equation, 290 over 4.5, of course  
5 we do take - we have a formula for rate setting that  
6 takes into account our need to maintain cash on hand  
7 as part of our debt convenience. So, it isn't quite a  
8 straight percentage but the math is the math, 290 as  
9 a portion of \$4.5 billion.

10 CHAIRPERSON BRANNAN: Do you as Commissioner  
11 agree with the rental payment system?

12 ROHIT AGGARWALA: Uh, the rental payment dates  
13 back to the 1980's and the original establishment of  
14 the current structure of DEP and the Water Board and  
15 Water Finance Authority. Under that structure, DEP  
16 has no role in determining whether the rental payment  
17 is requested. That's a decision made by the Mayor  
18 and the Budget Director and of course the City  
19 Council has to vote on the budget that includes the  
20 rental payment as revenue.

21 CAHIRPERSON BRANNAN: So, you have no personal  
22 opinion if we should continue that?

23 ROHIT AGGARWALA: I'm here in my official  
24 capacity, so I don't venture a personal opinion.

2 CHAIRPERSON BRANNAN: Okay. Okay, thank you.

3 I'm going to turn it over to Council Member Nurse.

4 COUNCIL MEMBER NURSE: Thank you Chair. Uhm, I  
5 also just want to express my disappointment with DEP,  
6 which I've said multiple times, it is probably my  
7 favorite agency. We didn't see that as a threat and  
8 you know my district where we have business owners  
9 who are chronically losing inventory in their  
10 basements from flooding, public housing residents who  
11 have been displaced from flooded apartments. A  
12 district where an individual died in his basement  
13 after flooding. Uhm, holding these kinds of projects  
14 hostage while we're trying to prevent people from  
15 losing their homes over \$10,000 is not okay. Uhm, so  
16 I also just wanted to express that.

17 I'm going to ask questions about Intro. 1490- uh  
18 1419. This bill codifies a key recommendation from  
19 the taskforce to increase monitoring of tax liens  
20 that take more than three years to resolve after  
21 they've been sold. Identify ways to address barriers  
22 for timely enforcement and to take steps to ensure  
23 that these properties are not a problem for the  
24 surrounding community.

2           For the public, we're talking about properties  
3    that are sitting around. They're often in  
4    litigation, which is a thing we talked about at  
5    length and the taskforce brought their other reasons  
6    and there's not a clear pathway for getting them out  
7    of this graveyard. The graveyard trust is what we  
8    call it.

9           So, how many properties are currently,  
10   chronically unresolved at this point?

11          PRESTON NIBLACK: So, there are about 2,900  
12    properties all together, part and separate parcels.  
13    There's more liens then that but separate parcels  
14    that are in the graveyard trust and 655 of them are  
15    in that unresolved, meet that unresolved threshold  
16    definition.

17          COUNCIL MEMBER NURSE: And on average, what  
18    percentage of tax liens are you able to resolve  
19    within three years after the sale?

20          PRESTON NIBLACK: You know after a certain period  
21    of time, all debt becomes much more difficult to  
22    collect and a lot of the properties that are in the  
23    uhm - that are in the graveyard trust that have been  
24    there for more than three years have a variety of  
25    reasons including they're in some kind of protracted

2 litigation or bankruptcy. They're guardianship or  
3 probate or you know murky ownership issues. Uhm,  
4 there may be another foreclosure action going on.  
5 There may be you know an argument that there is a  
6 defective service of the notice. There are lots of  
7 reasons. They may have no economic value; Trust may  
8 have made the bid and that was the winning bid. So,  
9 there are many, many reasons why properties end up  
10 sitting there for a while.

11 COUNCIL MEMBER NURSE: Yeah, this is something we  
12 spent quite a bit of time on in the taskforce. It's  
13 just trying to understand the categories of reasons  
14 and so, I think we agreed that this would be good to  
15 have regular reporting so we can delineate what are  
16 usable properties that we can get back into  
17 productive uses, specifically residential. Do you  
18 know off the top of your head how many of the  
19 chronically unresolved properties right now are  
20 residential? Or lots that could be developed for  
21 residential?

22 PRESTON NIBLACK: Hold please.

23 COUNCIL MEMBER NURSE: No problem.

2 PRESTON NIBLACK: I mean, out of the 655, there's  
3 - first of all there's about 199 that are classified  
4 as vacant land. So, there might be -

5 COUNCIL MEMBER NURSE: Right and they could be  
6 developed or -

7 PRESTON NIBLACK: Yeah.

8 COUNCIL MEMBER NURSE: Yeah, understood.

9 PRESTON NIBLACK: Uhm, there are how many 67? 67  
10 one family homes. There are number of others. We  
11 can get you this information.

12 COUNCIL MEMBER NURSE: Okay, yeah we appreciate  
13 it.

14 PRESTON NIBLACK: And a number of other you know  
15 residential properties.

16 COUNCIL MEMBER NURSE: Yeah, we'd appreciate that  
17 data. I think uhm part of what we're - the goal of  
18 what the Council has tried to do because this process  
19 is to both understand. I mean this stuff is really  
20 confusing. I think even in the taskforce meetings,  
21 often times we would - you know you all would be  
22 asking yourself like, oh we have to go back in,  
23 remember what we do and why we do it and we were  
24 trying to learn at the same time. This stuff is very  
25 confusing and I think having that regular reporting,

2 that delineates, that helps provide opportunities for  
3 us to resolve these debts quickly and share the  
4 problem of figuring out how to make these productive  
5 properties, especially where it's residential. How  
6 can we turn them into housing, which we all agree  
7 that we need.

8 Some of the stuff that came up with residential  
9 properties that aren't - where people are living in  
10 them is that a lot of them had violations.

11 PRESTON NIBLACK: Yeah.

12 COUNCIL MEMBER NURSE: So, some of - another  
13 piece of what we were trying to do here was find  
14 solutions for making sure that agencies are paying  
15 attention to these places that have - that are unsafe  
16 for people to live in and one of the things we're  
17 hoping that we can maybe agree on as we go through  
18 this negotiation process, is amending the bill to  
19 require that the city do more, some type of regular  
20 inspection of these buildings where people are  
21 living, and wondering if you would be amenable to  
22 that?

23 PRESTON NIBLACK: So, broadly speaking, we  
24 certainly support the reporting requirements of this  
25 bill and we are support sharing the list of

2 properties with the enforcement agencies, DOB, HPD,  
3 FDNY etc. I think I have to defer to them and I can  
4 let Deputy Commissioner Darga speak to this if she  
5 wants about just the resources question around that  
6 but we are certainly willing to you know - more than  
7 willing, more than happy to share - you know bring  
8 these properties to the attention of our sister  
9 agencies. I don't know Kim, do you want to?

10 KIM DARGA: I think I would need to discuss with  
11 my colleague that oversees the enforcement work.  
12 Uhm, that's certainly a discussion that we could have  
13 depending on the number of properties.

14 COUNCIL MEMBER NURSE: I mean we have brought - I  
15 didn't bring any examples here but we certainly can  
16 provide but we talked at length about examples where  
17 having more collaboration and just better  
18 communication between the spreadsheets that DOF has  
19 and the violations that are on these buildings, so  
20 that there's just more scrutiny and attention put  
21 onto buildings where tenants are living in unsafe  
22 properties.

23 I think that - I mean, hopefully we can agree  
24 that that's an important thing to do. Uhm and  
25 hopefully you all will be amenable to that. Uhm, I'm

2 going to move on. Some of the chronically unresolved  
3 properties that have been foreclosed upon and in  
4 those cases some of these properties have been  
5 foreclosed upon and in those cases, the trust  
6 actually won the foreclosure auction but has not  
7 taken title to the property. Since the existing  
8 owner is about to lose the title and the trust hasn't  
9 taken title, these properties are kind of effectively  
10 abandoned.

11 How many chronically unresolved properties are  
12 those where the trust holds the winning foreclosure  
13 bid?

14 ANNETTE HILL: Uhm, the trust has less than one  
15 percent of the - I don't have the exact number of  
16 properties but it is less than one percent and  
17 generally when they win the bid, they still go to -  
18 they still do a sale action where they go for the  
19 same process to try to get uhm, a foreclosure action  
20 and basically what they do is they will uhm, put an  
21 offer for sale and it's on the services website.  
22 They will decide the target recovery amount and they  
23 will go for the wholesale process and they've done  
24 that several - they'll do that several times to try  
25 to recoup the tax that's due.

2 COUNCIL MEMBER NURSE: Okay and what  
3 responsibility just for the record does the trust or  
4 city have to ensure these properties are maintained  
5 with their people?

6 PRESTON NIBLACK: I'm sorry, say it again, to  
7 ensure? I'm sorry, I didn't hear the last part.

8 COUNCIL MEMBER NURSE: You couldn't hear me. I'm  
9 saying - sorry, I'll speak louder. What  
10 responsibility does the trust or city have to ensure  
11 that these properties are maintained where the uh  
12 trust hasn't taken title but has the uh winning bid.

13 PRESTON NIBLACK: The city has a responsibility  
14 for enforcement for all properties regardless of  
15 their ownership, whether it's the trust or a private  
16 owner or a private owner, you know all of them are  
17 subject to enforcement by the city. I do want to  
18 note also in the event there is an auction sale,  
19 anything that's realized over what is due for the tax  
20 liens goes to the owner, so.

21 COUNCIL MEMBER NURSE: I just think it will be  
22 very, very important moving forward for stronger  
23 collaboration where there are recurring violations.  
24 I mean, most of these buildings are in some form of  
25 disarray because of what's going on with the owner

2 and DOF advocating or in the report showing that  
3 there is some regular, somebody is regularly popping  
4 in.

5 Somebody is regularly popping in knowing that  
6 these violations are open, I think would be uhm  
7 really helpful.

8 PRESTON NIBLACK: Yup, we're fully in support of  
9 this bill. We're happy to work with you on that.

10 COUNCIL MEMBER NURSE: Great. Uhm, I want to  
11 move into a couple questions about property  
12 disposition. When a property is foreclosed upon, the  
13 court overseeing the foreclosure will hold an auction  
14 to sell property. Our understanding is that the  
15 trust always places a bid in each auction equal to  
16 the debts owed, thereby setting a reserve price.

17 If there is no higher bid, the trust wins the bid  
18 but instead of taking title to the property, it  
19 remarkets the bid. This remarketing appears to be  
20 done via a second auction. However, instead of being  
21 overseen by the courts, it appears that according to  
22 at least Tower Capital Management, bids are subject  
23 to review and approval by a Committee that evaluates  
24 all bids. Can you say who is on the Committee?

2 PRESTON NIBLACK: So, your characterization is  
3 correct and the Committee consists of uh designated  
4 employees of the servicer.

5 COUNCIL MEMBER NURSE: Of the servicer and do you  
6 know how many employees that is?

7 PRESTON NIBLACK: Uhm, I don't have that  
8 information on me.

9 ANNETTE HILL: I don't have that exact number.

10 PRESTON NIBLACK: Yeah, but we can get back to  
11 you with that.

12 COUNCIL MEMBER NURSE: And that kind of structure  
13 though is outlined in the contracts that go out  
14 right, in the RFP's and so, the servicer would have  
15 to be having this Committee, so that would be  
16 something that would be in the contract?

17 ANNETTE HILL: Yes.

18 PRESTON NIBLACK: Yes.

19 COUNCIL MEMBER NURSE: Okay, it would be helpful  
20 to know how many people are on that. Uhm, do you all  
21 have with you or can you speak to the criteria that  
22 they use to evaluate the bids?

23 ANNETTE HILL: I don't know if that's the  
24 criteria. I know one of the criteria they do do.  
25 They do an appraisal to see the value of the

2 property, so they could determine what the target  
3 recovery rate could be but I don't have all the  
4 criteria's because the servicer will list out the  
5 criteria which has to be approved by the Committee.

6 So, mostly these are about just strictly  
7 recovering some of the debt? Is there anything  
8 beyond that in terms of community needs or some of  
9 the larger city goals in terms of housing?

10 PRESTON NIBLACK: I mean, this process now is  
11 about tax enforcement and it's not - so there is not  
12 a focus on those issues that you all have raised.  
13 And as I said earlier, I think we're more than happy  
14 to continue to work with you all to try to take this  
15 segment of properties here that you're talking about  
16 and find where - where it's appropriate, find a  
17 pathway uh that can return them to productive use.

18 COUNCIL MEMBER NURSE: Alright, so we would just  
19 appreciate more information on the Committee and the  
20 criteria that they're being asked to develop. Is  
21 that the criteria that you all have asked them to  
22 develop or they come up with that criteria?

23 ANNETTE HILL: They come up -

24 COUNCIL MEMBER NURSE: They come up with the  
25 criteria, okay. So, I think this is our point is

2 that you know - you know you all are focused as  
3 you're supposed to be on collecting revenue. We  
4 appreciate that and we understand that. We've never  
5 in any of our conversations talked about not doing  
6 that. I think what we're looking at is trying to  
7 find a way to balance that out and to have some other  
8 criteria other than just like squeezing the dollars  
9 back out.

10 PRESTON NIBLACK: Understood.

11 COUNCIL MEMBER NURSE: We have a - I just wanted  
12 to kind of illustrate a point. I have a uhm - there  
13 is a property that Tower Capital has on the website.  
14 One of them is in my district. It's a vacant lot.  
15 It's directly next to the line that the IBX is going  
16 to go on. Uhm, the asking price is \$1.9 million. It  
17 looks like from my understanding, the trust or the  
18 city is the highest bidder and can take title but has  
19 not done so yet. And so, I think one of the things  
20 we're trying to get at here, is that bringing more  
21 attention to this through a different entity that is  
22 literally mission oriented on trying to take  
23 underutilized, abandoned, nonproductive land and  
24 putting it back into use to the communities benefit,  
25 to New Yorkers benefit.

2           And so, one of the questions I have is what is  
3       the city doing for this and other properties like  
4       this? When do you decide to take title or not take  
5       title?

6           PRESTON NIBLACK: I just want to say you said an  
7       entity that's mission driven and I think this is  
8       important because I don't - I think we need to have  
9       distinct missions, enforcement, which is what DOF  
10      does and taking properties that are distressed,  
11      abandoned, in trouble and returning them to  
12      productive use and making sure for example, that a  
13      vacant lot that could be utilized for something else  
14      is made available for that purpose.

15           We have to think through I think carefully where  
16      the - you know at what point we decide okay, that  
17      piece of property, we're not going to sell the lien  
18      on or we're not going to foreclose on it. We're  
19      going to find another route.

20           COUNCIL MEMBER NURSE: Right, that's what we're  
21      trying to do here and we don't have criteria that we  
22      know of to - for how those servicers make those  
23      determinations. Those servicers are not you know  
24      that's not their job right based on the contract and  
25      from what we're gathering, these are finance people

2 or some guy or a couple of people who are making  
3 pretty consequential decisions for neighborhoods and  
4 individuals. And so, I think - I understand your  
5 point. The point being made about enforcement and  
6 mission and the mission being New York and preserving  
7 New York City and helping New Yorkers. I think we're  
8 just trying to find a balance here.

9 PRESTON NIBLACK: And I should let Commissioner  
10 Deputy Commissioner Darga speak also about sort of  
11 HPD's uh programs and efforts here.

12 KIM DARGA: So, I think you're and this is you  
13 know a very good question that you've raised and I  
14 think you highlighted maybe an area where there could  
15 be more collaboration between the agencies. As you  
16 know, we work very closely with Neighborhood Restore.  
17 They do function as an interim owner for many  
18 programs that HPD supports in order to take property  
19 that's unstable today and to stabilize it or to work  
20 with others to do so.

21 Uhm, I think there may be and we need to talk  
22 about this more with City Council is well, between  
23 the agencies but I think there's an opportunity to  
24 think about how whether there's a way to get  
25 Neighborhood Restore information about those

2 properties so they can evaluate whether there is a  
3 potential housing opportunity specifically affordable  
4 housing opportunity. You know Neighborhood Restore  
5 has pretty extensive experience in other similar  
6 programs.

7 For example, they oversee our community  
8 restoration fund, which is basically the purchase of  
9 uhm delinquent FHA debt, working with the homeowners  
10 and if it gets to foreclosure, working on a  
11 stabilization outcome for that property.

12 So, I think there may be some strategic  
13 opportunities there that we could think through  
14 together and I certainly would have to have a  
15 conversation with Neighborhood Restore as well.

16 COUNCIL MEMBER NURSE: Okay, uhm, one of the  
17 properties that we had flagged for the Administration  
18 actually was a six unit residential property in the  
19 Rockaways that had been stuck in the lien sale trust  
20 for ten years. In that time, the debt has ballooned  
21 beyond the value of the property. Uhm and now has  
22 300 open BNC violations. So, this is why we're  
23 talking about the need for the reporting, the need  
24 for more eyes and attention on it. Why we need the  
25 DOF and I guess its servicers to be flagging these

2 types of things and more coordination, which could  
3 have been done at any point. I mean, this  
4 conversation is happening because we're forcing it.  
5 There's nothing stopping the Administration before  
6 from doing a deeper dive, cleaning the data, looking  
7 at all the chronically unresolved liens and giving it  
8 extra attention.

9 Uhm, I just have a couple more questions and then  
10 I'll yield. No, I'm going to yield and I'll come  
11 back. Thank you.

12 CHAIRPERSON BRANNAN: Council Member Brewer.

13 COUNCIL MEMBER BREWER: Thank you very much. I'm  
14 certainly going to ask about 570A but I guess I'm a  
15 little confused. When you say conflict of interest,  
16 I guess between the affordable housing perhaps and  
17 the collection of debt. I mean, in my world at least  
18 the nonprofit community has money. I wish we had a  
19 \$1.9 million property in Manhattan for God sake.  
20 We'd buy it in a minute. I got \$10 million  
21 properties, \$100 million properties but they do  
22 purchase that all the time. So, I don't know why it  
23 wouldn't be something that as an administration; this  
24 is why we're talking about lien bank, land bank  
25 etc..., is to try to accomplish that. That's why I

2 don't understand why it's a conflict of interest.  
3 You will still get your money, which I understand and  
4 at the same time provide whatever the - I mean some  
5 of these smaller buildings could be DV homes would be  
6 phenomenal. We are absolutely out of domestic  
7 violence locations as an example.

8 So, I'm confused. Could somebody just help me  
9 understand why that's a conflict to have both  
10 collection of the funding and a good use.

11 PRESTON NIBLACK: I'll sort of take it to the  
12 discount about foreclosure here. There's I think the  
13 crucks of the point, if there's a property that is  
14 valuable in terms of redevelopment right. Then the  
15 incentive would be to foreclose on that property in  
16 order to take it right and redevelop it.

17 If there's a property that's not that valuable  
18 that may be inhabited by somebody whose having  
19 trouble maintaining their property, uh excuse me and  
20 uhm paying their taxes but it's not good for  
21 redevelopment. The incentive will be to foreclose  
22 for purpose of tax enforcement. So, I think you know  
23 my concern is that we're combining in one entity  
24 mixed interest, mixed objectives that will lead to  
25 outcomes that are fundamentally unfair.

2 COUNCIL MEMBER BREWER: Okay, I mean I guess we  
3 somewhat disagree on that but I do think that this  
4 suggestion that has come to this Council could  
5 accomplish all the goals that we're all trying to  
6 seek. So, that's where the problem is.

7 PRESTON NIBLACK: I mean, I think my view on this  
8 is that we can accomplish these objectives. We have  
9 to define systematically and carefully the situations  
10 in which we want to intervene in order to take a  
11 property from its owner in order to use it as - for a  
12 community benefit and that that has to be you know  
13 carefully described and circumscribed and separate  
14 from the enforcement efforts, so that we don't have  
15 an inequitable unfair outcomes when the same entity  
16 is charged with both enforcement and development.

17 COUNCIL MEMBER BREWER: Okay, alright. I know  
18 we've all been talking about this land bank lien bank  
19 but there is \$40 million in funding in this year's  
20 state budget for this land bank statewide. Is that  
21 something - I know that you're not supportive of this  
22 concept but if - did the city if we were to do this  
23 land bank would the city have the ability to apply  
24 for the funds that are available currently? And

2 wouldn't it make sense to have a land bank to unlock  
3 some of these funds?

4 PRESTON NIBLACK: I would have to defer to the  
5 Office of Management and Budget on that.

6 COUNCIL MEMBER BREWER: Okay. Uhm, from this  
7 Council's perspective, state law authorizes land  
8 banks is pretty clear that they can be used to  
9 purchase tax liens from localities and be used for  
10 tax enforcement efforts. Is there any legal reason,  
11 although you may not support it personally that leads  
12 you to believe that a land bank could not be used to  
13 take over tax liens enforcement for the city?

14 PRESTON NIBLACK: No, there's no legal reason  
15 they could do it. I just don't believe that that's  
16 the intent and design as I read the legislative  
17 intent of Article 16.

18 COUNCIL MEMBER BREWER: Okay, uhm this land bank,  
19 lien bank that we've been talking about creates a  
20 board with nine directors, three from the Mayoral and  
21 three from the Speaker and three would be jointly  
22 Mayor and Speaker. For one of the joint appointee  
23 could be the executive director of such a bank. Even  
24 though you have expressed your concerns, do you have

2 any concerns with the makeup of such a board that I  
3 think would provide more transparency to government?

4 PRESTON NIBLACK: I am not convinced Council  
5 Member that a board, an appointed board necessarily  
6 provides anymore accountability than bringing me up  
7 here to answer for my actions in a hearing. I don't  
8 necessarily believe that that creates extra  
9 accountability or a greater degree of accountability.  
10 In fact, I think it could actually insulate it from  
11 accountability and I also think on a board that it  
12 has mixed membership like that where it's role is to  
13 make decisions on certain actions. Again, risks -  
14 risk making decisions that are influenced by  
15 considerations that are mixed, inequitable and other  
16 than you know a clear, mission driven purpose that a  
17 land bank that was only focused on development would  
18 have.

19 COUNCIL MEMBER BREWER: Okay. Can you describe -  
20 you have a little bit, the transparency requirements  
21 that the trust currently is required to meet. I know  
22 you mentioned the three people who are the actual  
23 directors and there's the staff. How does it work in  
24 terms of transparency? Is there a hearing? Are

2 there regular reports etc.? How is that communicated  
3 to the public?

4 ANNETTE HILL: There was - during the lien sale,  
5 there's lots of reporting that goes on. We have  
6 several reports that we do give to the City Council.  
7 At the end of the sale, we also give a report for the  
8 90, the 60 interval. There's reports that go out and  
9 share with the City Council the properties that are  
10 at risk. At the end of the sale, there's reporting  
11 that also goes out as the results of the sale. We  
12 also have uhm the tax, the services have quarterly  
13 reports that they have to send in. That also tells  
14 them what they have redeemed, how much, what's left  
15 and what process, where they are in the redemption  
16 process.

17 COUNCIL MEMBER BREWER: How about when the  
18 meetings are taking place to decide the process?  
19 What I would consider open meeting laws. How would -  
20 is that something that's part of the trust, open  
21 meeting laws, deliberation, video opportunities etc.?  
22 That kind of - that's what I'm more talking about or  
23 a hearing at the end to say this is why we did what  
24 we did.

2 PRESTON NIBLACK: I mean as structured, there's  
3 no requirement for that under open meeting laws and I  
4 don't think that they're really - it doesn't operate  
5 in that fashion.

6 COUNCIL MEMBER BREWER: Okay, well that's the  
7 kind of thing that a lien land bank would do and it's  
8 the kind of thing that I guess as somebody whose  
9 spent my whole life trying to get government to be  
10 more available to the public, I would consider.

11 I also - I just want to thank you for your  
12 support of 1411. I think we all agree with that and  
13 that's something that is clearly needed for the board  
14 of the building to know what's going on. Thank you  
15 very much Mr. Chair.

16 CHAIRPERSON BRANNAN: Thank you Council Member.  
17 Council Member Nurse, do you have anything else?

18 Okay, we're going to let you guys go early for  
19 good behavior. Thank you.

20 PRESTON NIBLACK: Thank you very much.

21 CHAIRPERSON BRANNAN: Thank you all very much.  
22 Okay, okay I am now going to open the floor for  
23 public testimony. Before we begin, I have to remind  
24 members of the public that this is a formal  
25 government proceeding and that decorum shall be

2 observed at all times. As such, members of the  
3 public must remain silent unless of course they are  
4 testifying. The witness table is reserved for those  
5 people who wish to testify. No video recording or  
6 photography is allowed from the witness table.

7 Furthermore, members of the public may not  
8 present audio or video recordings as testimony but  
9 they may submit transcripts of such recordings to the  
10 Sergeant at Arms for inclusion in the hearing record.  
11 If you wish to speak at today's hearing, just make  
12 sure you fill out one of those little appearance  
13 cards in the back with the Sergeant at Arms and just  
14 wait for your name to be called.

15 Once you have been recognized, you'll have two  
16 minutes to speak on today's hearing which is the lien  
17 sale and land bank. If you have a written statement  
18 or any additional written testimony that you want to  
19 submit for the record, just provide a copy to the  
20 Sergeant at Arms. You can also email written  
21 testimony within 72 hours of the conclusion of this  
22 hearing to [testimony@council.nyc.gov](mailto:testimony@council.nyc.gov). Audio, video  
23 recordings are not accepted.

24

25

2 So, our first panel, we're going to start with  
3 the representative from Borough President Reynoso's  
4 office Lacy Tauber.

5 LACY TAUBER: Alright, okay.

6 CHAIRPERSON BRANNAN: Okay, you can begin.

7 LACY TAUBER: Good afternoon Chair Brannan.  
8 Thank you for holding this hearing today. I am here  
9 representing Brooklyn Borough President Antonio  
10 Reynoso, who has been working alongside advocates to  
11 reform and replace the tax lien sale since he was a  
12 member of the City Council.

13 Several issues led the City Council to allow the  
14 lien sale to expire in 2022, most importantly the  
15 fact that this Giuliani-era policy to transfer debt  
16 to private purchasers disproportionately impacted  
17 communities of color throughout the city. Multiple  
18 studies showed that over many years, the Department  
19 of Finance was up to nine times more likely to sell a  
20 tax lien in a Black neighborhood than a White  
21 neighborhood. Additionally, most residential  
22 properties in the previous four lien sales were  
23 rental buildings located in Black and Latino  
24 communities, putting their tenants at risk of  
25 displacement.

2 In the lien sale, as we discussed, the Tax Lien  
3 Trust contracts with private servicing companies and  
4 these companies often charge up to 18 percent  
5 interest. To avoid foreclosure, some property owners  
6 take out predatory private loans or sell their  
7 buildings to speculators for less than market value.  
8 Or the Trust can foreclose, the property owner can  
9 lose their home, tenants have no say in who becomes  
10 their new landlord, and the City gives up its  
11 leverage to use tax debt to get landlords to pay  
12 their delinquent taxes and improve building  
13 conditions.

14 The changes that the Council implemented to the  
15 lien sale this year were a step in the right  
16 direction. Unfortunately, their reforms didn't go  
17 far enough. According to DOF data, the agency sold  
18 more than 4,500 liens this year, more than in  
19 previous years and it's particularly concerning the  
20 neighborhoods with the most liens sold remain low  
21 income communities of color. The four zip codes with  
22 the most lien sold are all in Brooklyn: East New  
23 York, Bushwick, Cypress Hill, Canarsie, and East  
24 Flatbush. It is clear that the lien sale as it is  
25 needs to end.

2           Accordingly, Borough President Reynoso thanks the  
3           Council for proposing the legislation on today's  
4           agenda and we'll review everything it does but uhm  
5           just to say that he supports and as we move into a  
6           new administration, uhm that place is a high priority  
7           on affordability. These policies will help us in our  
8           efforts to keep homeowners and tenants in their  
9           communities in homes they can afford. Thank you.

10           CHAIRPERSON BRANNAN: Thank you very much. Okay  
11           now we have Salvator D'Angelo. D'Angelo, I'm sorry,  
12           I can't read it. Clint Okatama, Jean-Andre Sassine,  
13           and Jacob Schneider.

14           Okay, you want to begin. Go ahead just say your  
15           name and you could start.

16           SALVATOR D'AVOLA: Sure, good morning uh good  
17           afternoon. My name is Salvator D'Avola, I'm the  
18           Executive Director of Neighborhood Restore Housing  
19           Development Fund Corporation. I'd like to thank  
20           Chairperson Brannan and members of the City Council  
21           Finance Committee for allowing me to testify today.  
22           Neighborhood Restore and its affiliate nonprofit  
23           entities work closely with the New York City  
24           Department of Housing Preservation and Development on  
25           developing housing programs that seek to transition

2 physically and financially distressed properties into  
3 affordable community assets.

4 Since 1999, Neighborhood Restore successfully  
5 created and preserved 13,000 units of affordable  
6 housing and over 2,300 properties throughout New York  
7 City.

8 As the interim owner and steward of properties  
9 earmarked for revitalization, Neighborhood Restores  
10 vast experience with the challenges and concerns that  
11 the proposed land bank seeks to address. The types  
12 of properties and acquisition, management,  
13 stabilization, and disposition vary from program to  
14 program but the goal is the same. To preserve and  
15 create affordable housing opportunities that benefit  
16 New York City and its residents.

17 Neighborhood Restore has the unique experience of  
18 administering a myriad of programs that seek to  
19 address the needs of a variety of property types and  
20 circumstances that range from vacant land to zombie  
21 homes to multifamily occupied buildings. Created at  
22 the behest of HPD with the support of local  
23 initiatives, support corporation enterprise community  
24 partners, Neighborhood Restore administers a third  
25 party transfer program, an anti-abandonment program

2 that transfers tax delinquent properties from  
3 neglectful landlords to responsible new owners. By  
4 working closely with HPD, local elected officials,  
5 and community based nonprofits and MWBE partners,  
6 Neighborhood Restore ensures the maintenance of safe,  
7 affordable housing for its residents and oversees the  
8 stabilization, management, rehabilitation planning of  
9 these distressed properties to preserve and create  
10 affordable housing opportunities for low income New  
11 Yorkers.

12 Our experience with TPT has enabled us to acquire  
13 privately owned properties transitioning from  
14 scattered site emergency shelters and to permanent  
15 housing for formerly homeless families. Over the  
16 past 25 years, the city has continued to rely on  
17 Neighborhood Restores' expertise and assistance in  
18 addressing housing and neighborhood stabilization  
19 issues. Most recently, that experience is oh, two  
20 minutes.

21 CHAIRPERSON BRANNAN: You could finish.

22 SALVATORE D'AVOLA: I can finish, thank you.  
23 Uhm, experiences through the acquisition and  
24 stabilization of properties earmarked for

2 intervention by the city, activities most akin to  
3 those of the land bank.

4 At the height of the financial crisis in 2008,  
5 Neighborhood Restore began acquiring one to three  
6 family bank owned homes, leveraging federal, city,  
7 state subsidies to secure private financing for the  
8 acquisition rehabilitation and sale of over 250 homes  
9 to first time homebuyers. By focusing its efforts on  
10 neighborhoods that were hardest hit by the crisis,  
11 Neighborhood Restore was able to address the  
12 destabilizing effects of foreclosure and provide  
13 affordable homeownership opportunities to low and  
14 moderate income New Yorkers.

15 That work continues today with Neighborhood  
16 Restore redeveloping vacant NYCHA owned single family  
17 properties into affordable homes and converting city  
18 owned apartment buildings into affordable  
19 cooperatives for its existing residents and first  
20 time low income buyers.

21 I'll just skip the next paragraph but essentially  
22 highlight during Superstorm Sandy, we took title to  
23 properties that were substantially damaged by the  
24 hurricane, acquiring those properties, and holding  
25 them, giving the city and our community partners the

2 ability and the need to actually figure out what to  
3 do with those properties in the future.

4 Next, it is my understanding that the main  
5 objective of Intro. 570A and it's companion bills, is  
6 to provide an alternative path for the sale of the  
7 city tax liens. By shifting the sale of tax liens  
8 from a specialized trust to a land bank, the argument  
9 is that most - that more thoughtful and measured  
10 efforts can be implemented to focus on property  
11 owners needs rather than just collecting debt. These  
12 concerns are valid and any efforts to assist  
13 homeowners, especially owner occupants of one to  
14 three family homes are laudable and deserve focus and  
15 attention.

16 I wonder, however, if the creation of a new  
17 entity, a land bank is the right approach for  
18 addressing the larger issues facing housing  
19 preservation in New York City today. Can guardrails  
20 be instituted into the existing process that achieved  
21 the goals of protecting homeowners whose tax liens  
22 are sold?

23 My read of Intro. 1407 seems to do just that.  
24 Legislating limitations on the collection of debts  
25 for owner occupied one to three family homes. Can

2 there be other legislative efforts that seek to  
3 exempt certain classes of properties from the lien  
4 sale or that increase the dollar amount in years of  
5 delinquency for inclusion in a lien sale? Can our  
6 experienced network of housers be further tapped to  
7 reform existing structures to meet the goals of the  
8 proposed legislation?

9 Our experience with the Community Restoration  
10 Fund program exemplifies a strategy that leans on the  
11 strengths of our community and government partners to  
12 address emerging housing challenges. In this  
13 instance, mortgage delinquency and distress.

14 By acquiring distress single family mortgage  
15 notes, CRF's primary goal has been to keep families  
16 in their homes through multipronged counseling  
17 efforts that often lead to positive loss mitigation  
18 outcomes. The City Council has supported our efforts  
19 by providing discretionary funding for this program.

20 Neighborhood Restore and its established network  
21 of community based partners have routinely been asked  
22 to assist the city with fulfilling its goals of  
23 developing and preserving affordable housing.

24 Acquiring land in buildings for a public purpose has  
25 been our core mission. As a steward of distressed

2 properties, Neighborhood Restore has provided the  
3 stability and experience necessary to implement  
4 neighborhood strategies that foster housing  
5 preservation outcomes that include opportunities for  
6 collaboration with our nonprofit MWBE, HDFC, and  
7 Community Land Trust partners.

8 Given today's affordable housing preservation  
9 challenges, our focus needs to be on our shared goals  
10 and outcomes and not a new legal structure. For  
11 these reasons, we do not believe a land bank in New  
12 York City is necessary at this time.

13 I thank you for your time. I'm happy to answer  
14 any questions.

15 CHAIRPERSON BRANNAN: Thank you. Just on one  
16 thing Salvatore, considering that Neighborhood  
17 Restores experience with TPT, would your organization  
18 be interested in taking over tax enforcement on  
19 behalf of a lien trust?

20 SALVATORE D'AVOLA: I haven't thought about that.  
21 That's not really something that -

22 CHAIRPERSON BRANNAN: I am in no position to  
23 offer this.

24 SALVATORE D'AVOLA: Uhm, you know as an  
25 organization, we're a 30 year old organization.

2 We've worked very closely with the city and HPD on  
3 programs. Uhm, it's you know, I'm always happy to  
4 have a conversation about work that assists the City  
5 of New York.

6 CHAIRPERSON BRANNAN: Thank you. Go ahead. Just  
7 say your name and then you could start.

8 JACOB SCHNEIDER: Yeah thank you. Uhm, my name  
9 is Jacob Schneider and I am the Senior Program  
10 Manager for research and policy at the East New York  
11 Community Land Trust. So, thank you Chair Brannan  
12 and members of the Committee still here.

13 Anyway, so East New York CLT works to prevent  
14 displacement in real estate speculation in the  
15 neighborhoods of East New York and Brownsville. We  
16 are also a founding member of the Abolish the New  
17 York City Tax Lien Sale Coalition and have been  
18 fighting for the past five years to end the predatory  
19 lien sale and replace it with a just and equitable  
20 system of debt collection.

21 We are excited and pleased that bills have been  
22 introduced that would abolish the current lien sale  
23 system and replace it with a publicly accountable  
24 land bank. East New York has been ground zero in  
25 Brooklyn in terms of the number of liens sold and

2 residential units effected by the lien sale for  
3 years.

4 Yet, what is equally or perhaps more problematic  
5 is the ineffectiveness of the lien sale as an  
6 enforcement mechanism. Contrary to what DEP and DOF  
7 were talking about today.

8 And so, let me illustrate this with an example.  
9 There is a six unit rental property on Glenmore  
10 Avenue in East New York. It is renowned by no less  
11 than five LLC's since 2014. The last time a  
12 taxpayment was made, was April of 2014. It has been  
13 eligible for the lien sale every year one has  
14 occurred since 2015. Yet a lien has never been sold  
15 on the property.

16 Instead, over the past decade, the debt has  
17 ballooned to more than \$550,000, which is almost  
18 equal to its estimated market value of \$580,000.  
19 Currently, the building has 287 open, hazardous or  
20 immediately hazardous HPD violations, which is just  
21 under 50 violations per unit.

22 The slumlords that have owned the building,  
23 appear to face no real consequences for their failure  
24 to pay their debt or provide a safe, decent home for  
25 their tenants.

2        This building is not an anomaly. As we  
3 understand it, of the 30,000 properties eligible for  
4 this years lien sale, 4,500 have liens sold on them  
5 and about 13,000 property owners either paid, entered  
6 a payment plan, or were removed through easy exit or  
7 exemptions. This leaves about 12,500 properties  
8 without a clear explanation of why, like the Glenmore  
9 Avenue building, they were not sold in the sale.

10      So, this begs the question, if the lien sale  
11 isn't effective debt collection mechanism as the  
12 Department of Finance and DEP have argued for years.  
13 Why do we see properties like the Glenmore Avenue  
14 building?

15      I think the answer is actually quite simple. The  
16 city's lien sale does not operate in the interest of  
17 New Yorkers because it is accountable to the interest  
18 of investors. The primary concern of the city's lien  
19 sale process is engineering financial products that  
20 ratings agencies will stamp as safe investments.  
21 Properties like the Glenmore building are not  
22 included in the sale because they would taint the  
23 credit quality of the pool of liens in that years  
24 trust. This means that the city's current lien sale  
25 model can never be reformed. It can never be made to

2 work in the interest of New Yorkers. The tax lien  
3 sale must be abolished and replaced. So, we fully  
4 support Intro.'s 1407 and 1420, which are critical to  
5 ending the city's opaque and ineffective tax lien  
6 sale.

7 A land bank is central to adjust an equitable  
8 replacement system and we support Intro. 570A but we  
9 would like to see some changes. The bill should  
10 require that 100 percent of the units in a project  
11 will be affordable to be automatically eligible to  
12 get land bank properties without additional public  
13 review.

14 The definition of affordability should be in line  
15 with the neighborhood where the property is located.  
16 We want affordability to be defined as affordable to  
17 the median income of the community board a property  
18 is located in or 60 percent of AMI, whichever is  
19 lower.

20 CLT's must have a first right of refusal for any  
21 land bank dispositions because they provide a  
22 permanent affordability and efficient use of  
23 subsidies that very few other nonprofit housing  
24 providers can do. We also would like to see  
25 affordable commercial space added to the list of uses

2 that won't require public review for disposition.  
3 Finally, we support Intro. 1419, which addresses  
4 chronically unresolved tax liens but the bill should  
5 be amended to affirmatively require HPD, the  
6 Department of Buildings, and the Fire Department to  
7 inspect all properties with chronically unresolved  
8 liens.

9 Thank you for this opportunity.

10 CHAIRPERSON BRANNAN: Thank you very much.

11 JEAN-ANDRE SASSINE: Greetings, my name is Jean-  
12 Andre Sassine. I am a member of New York communities  
13 for change. I'm also a resident of Queens Village  
14 and therefore Southeast Queens. A prime target for  
15 the predatory acts of the tax lien sale.

16 In light of these proposals, please forgive me if  
17 you've heard these valid points before. Though I'm  
18 excited about the progress our coalition and the  
19 peoples Ali's in the Council have made with the  
20 promising sunset of the tax lien sale, I know this  
21 many year fight wont be over without more bills like  
22 these 1407, 570A and 1420 and the city's commitment  
23 to keeping our neighborhoods intact and our  
24 vulnerable neighbors in place.

2       Using physical inspections of properties in  
3 distress would help in doing this. Our communities  
4 should not be up for auction. Certainly not by for  
5 profit players at any rate. We believe the landbanks  
6 and nonprofits would serve the needs and spirit of  
7 community better. Changing AMI to at least 80  
8 percent to local zip code incomes will automatically  
9 increase the affordability of any new developments,  
10 100 percent affordable units in a property to avoid  
11 review for that development. Increasing  
12 affordability in development does not mean - have to  
13 mean displacing of residents who call it home.  
14 Including affordable commercial space will allow the  
15 continued presence of the mom and pop shops that made  
16 that neighborhood attractive in the first place for  
17 development. Thank you.

18       I'd like to use just a bit of my remaining time  
19 to address the tension between compassion and  
20 accountability that the DEP Chairperson stated and  
21 how disingenuous it was for him to say that as there  
22 are delinquent mailings to people looking for  
23 payment, start out with most people pay their bills  
24 on time, which therefore sets the tone of what he  
25 believes compassion is. Thank you.

2 CLINT OKATAMA: Hi, my name is Clint Okatama. I  
3 am a member of Western Queens Community Land Trust  
4 and a resident of Astoria. I'm also an affordable  
5 housing provider to elder veterans and other housing  
6 insecure individuals in the Bronx. Thank you for the  
7 opportunity to testify today in support of Intro.  
8 1407, Intro. 1420, and Intro. 570A, which will end  
9 the tax lien sale as we know it and facilitate a land  
10 bank for NYC that can handle tax liens and municipal  
11 debt.

12 We are thrilled to see that all of you are moving  
13 to permanently sunset the tax lien sale and share our  
14 same values and missions. Reform of the tax lien  
15 sale and the creation of a land bank, will yield  
16 strong financial benefit to the city. Land banks and  
17 community land trusts have created stable, valuable  
18 and permanently affordable housing, which will  
19 significantly ease the city's housing affordability  
20 crisis.

21 Many studies have shown that housing  
22 affordability is strongly correlated with  
23 homelessness rates. Comptroller's Brad Lander's  
24 analysis found that each individual who experiences  
25 homelessness can cost the city from \$2,000 to over

2 \$108,000 over a 30 day period due to shelter or  
3 hospitalization costs.

4 Reforming the tax lien sale in a way that  
5 empowers households with stability and permanent  
6 affordability, will not only reduce the prevalence of  
7 these costs, but it will allow long term residents of  
8 New York to remain in their homes and neighborhoods.  
9 By including renewable 99 year leases with community  
10 land trusts, these effects can be made permanent.  
11 Furthermore, the city will be able to collect taxes  
12 on these fully functional properties.

13 Many of the households effected by the tax lien  
14 sale are minorities, due to centuries of  
15 discriminatory practices such as redlining. My home  
16 borough of Queens is defined by a widely global  
17 ethnic population that includes many immigrant  
18 families. In these particular times, I'd like to  
19 ask, what is the role of this city's government?

20 In Article 17, Section 1 of our State  
21 Constitution, the government is tasked with providing  
22 for those in need and rulings, such as Calihan  
23 clearly state that New York City's duty is to provide  
24 shelter for all, including immigrant families.  
25 Abolishing the lien sale and replacing it with a land

2 bank that creates affordable housing will protect  
3 vulnerable households and financially empower city.  
4 And I'd also just like to thank you all for your  
5 work. I know that we're all aligned in our goals, so  
6 thank you.

7 CHAIRPERSON BRANNAN: Council Member Brewer.

8 COUNCIL MEMBER BREWER: Thank you. For  
9 Salvatore, I have great respect for the work that  
10 you've been doing. My question is, why is it not  
11 compatible for the lien bank and New York Restore to  
12 work together? Because obviously there are buildings  
13 in addition to the ones that you're talking about,  
14 others have mentioned, Council Member Nurse  
15 mentioned, they are still in limbo. Those will be  
16 the kind of buildings that I think you could work on  
17 to make them productive for the future. Why is there  
18 no - why is it not compatible?

19 SALVATOR D'AVOLA: I think in my opinion, I think  
20 that there are existing ways to address the needs and  
21 the outcomes that everyone is talking about. I'm not  
22 you know I think that you know and what the  
23 Administration was talking about a little while ago,  
24 you know there's this distinction between a tax  
25 collector and sort of an advocate for you know the

2                   communities and the housing that's out there. I just  
3                   feel like creating a new structure isn't necessarily  
4                   going to solve the problem. I think that we - there  
5                   are probably ways to work within the structure that  
6                   exists and sort of tweak those things to sort of get  
7                   the outcomes that we're all looking to get.

8                   COUNCIL MEMBER BREWER: I hear you. I think we  
9                   somewhat disagree in the sense that hasn't happened  
10                   yet and there are quite a few properties that are  
11                   sitting in limbo, and the need for affordable housing  
12                   or something similar is extreme but thank you very  
13                   much for your response.

14                   CHAIRPERSON BRANNAN: Thank you all very much for  
15                   your testimony.

16                   PANEL: Thank you.

17                   CHAIRPERSON BRANNAN: Okay, now we have testimony  
18                   from Jacquelyn Griffin, Paula Segal, Joan Erskine,  
19                   Arielle Hersh. Go ahead and begin.

20                   JACQUELYN GRIFFIN: Hi, good afternoon. My name  
21                   is Jacquelyn Griffin. I'm a Senior Staff Attorney in  
22                   the Neighborhood Economic Justice Project in the  
23                   Brooklyn Office of Legal Services NYC. We have been  
24                   working on these issues for a number of years. I've  
25                   been at Legal Services now for 15 years. We have

2 worked with Council and its staff and with the  
3 Department of Finance and with the Department of  
4 Environmental Protection on many different types of  
5 protective legislation and it you know - it remains  
6 to be seen whether or not a land bank is the answer  
7 to many of the problems that we've been seeing. But  
8 I just want to reiterate that what happens before a  
9 lien is sold is just as important as what happens  
10 after it is sold.

11 We worked really hard and when I say we, I do  
12 mean we. It was Council, it was DEP, it was DOF, and  
13 advocates. We worked really hard on the Property Tax  
14 Interest and Deferral program, which is really a  
15 groundbreaking program that allows people to pay  
16 according to their income and that has continued to  
17 suffer from low enrollment for the six or seven years  
18 that it's been around. We also worked really hard on  
19 protecting heirs of decedent homeowners who would  
20 like to enter into installment agreements on the same  
21 terms as a homeowner would be permitted to. And by  
22 and large, those heirs have not been able to access  
23 those protections.

24 In the same way with the easy exit. There were a  
25 ton of problems with easy exit this year. I'm sure

2 it's not surprising to Council to hear that we've  
3 reported back on that. The Coalition for Affordable  
4 Homes has written a letter to the Council about that  
5 but the thing is, is that we have these protections  
6 on the books and they need to continue to operate  
7 functionally and DOF and DEP, as they stated here  
8 today, their primary function is to collect revenue.  
9 The DEP Commissioner said threats work and so, I do  
10 not think it is a workable solution to have them  
11 continue to be in charge of the protective programs  
12 because they narrowly construe them and limiting  
13 their applicability and limiting - effectively  
14 writing them out of the law and I think we've worked  
15 too hard on these reforms to just sort of let them  
16 fall by the wayside. And you know a land bank is  
17 good but I don't think it solves all the problems  
18 because what happens before is just as important as  
19 what happens after and the options narrow for very  
20 vulnerable people. I'm talking about people who are  
21 victims of deed theft. I'm talking about heirs who  
22 are sort lost in the estates process. These are the  
23 folks that we see coming into our office and that  
24 we're committed to assisting.

2 I do want to end with a story because I think  
3 stories are important. Earlier this year, our office  
4 sued the Department of Environmental Protection over  
5 their shutoff program, which is just for single  
6 family homes. One of the plaintiff's, my client, is a  
7 healthcare worker at a cancer hospital in New York  
8 City. She is - she was home for an extended period  
9 because she was suffering from heart failure. She  
10 was caring in her home for her adult son, who was  
11 also suffering from heart failure and DEP threatened  
12 to shut off her water, which they both definitely  
13 needed to survive. And after she begged and borrowed  
14 from friends to come up with a ten percent  
15 downpayment, she was slightly short and they again  
16 continued the threat to shut off her water until our  
17 office intervened.

18 Nothing that we're talking about here today  
19 protects that person. And so, if we have a person in  
20 that situation that is threatened in the way that she  
21 was threatened, that system is unjust and it should  
22 not be allowed to happen.

23 I'll conclude my remarks there and rely on what I  
24 have written.

2 CHAIRPERSON BRANNAN: Thank you very much.

3 Paula.

4 PAULA SEGAL: Hi everybody. Thank you so much  
5 for your collaboration over most of the last decade  
6 on trying to untangle the system we've been hearing  
7 about. One of the things that really struck me in  
8 the Administrations testimony an hour ago was the  
9 Department of Finance Commissioner saying that the  
10 reason the current lien sale system works is because  
11 the tax lien trust is more accountable to the  
12 investors and the bond purchasers, then to New  
13 Yorkers.

14 That is a cudgel. We are - I am so glad to be  
15 sitting here today with this Committee, with this  
16 Council with the bravery that you all have to turn  
17 that around, right? We need a city that is more  
18 accountable to New Yorkers then it is to bond  
19 purchasers, end of story.

20 Uhm, in my written testimony, I talk about a  
21 number of things. I want to highlight to bits. One  
22 is a footnote but I think it's very, very important.  
23 As my colleague pointed out, the Easy Exit program,  
24 which we all worked on last year and we had a lot of  
25 hope for and we thought okay, maybe we'll just -

2 we'll give people some time, right? We'll give folks  
3 a mechanism to say, I just need some time to figure  
4 things out, leave the system as is, but we'll let  
5 individual property owners pause it for themselves.  
6 Department of Finance only approved 410 Easy Exit  
7 applications this year. That's out of a 90 day list  
8 that had about 30,000 properties on it and a final  
9 sale list that had 4,500. That piece that was  
10 supposed to be the revolutionary piece for people -  
11 where low income property owners who lived in their  
12 properties, which is already a very small share of  
13 people had a chance to really just give themselves a  
14 breathing space.

15 Department of Finance turned them down  
16 overwhelmingly. We don't know how many people  
17 applied but we do know that only 410 applications  
18 were approved. That's really important. The story  
19 that I tell in my written testimony, I'm not going to  
20 go through in detail but it is a story of a  
21 preservation of a community garden that I had been  
22 working on as long as Emery(SP?) and I have been  
23 working on this issue together because it was one of  
24 the ways that I realized just how broken the system  
25 is. It's a garden that the Parks Department has been

2 trying to preserve. I think we'll get there. It is  
3 going to end up costing the city - I can't even do  
4 the math what it will end up costing in the end. But  
5 it will end up costing uh about one million dollars  
6 more than it would have cost if all they needed to do  
7 was do the infrastructure upgrades to help the  
8 community have a safe sidewalk, have water in their  
9 community garden, and potentially actually purchase  
10 the property but instead, liens were sold on the two  
11 parcels and there's a windfall coming to the tax lien  
12 trust in the form of what they're getting for a  
13 defective lien, in the form of what their servicers  
14 are getting after a foreclosure and there's a  
15 windfall coming to an investor who took a gamble in  
16 an auction room and bought a vacant lot site on scene  
17 and now he's negotiating with DCAS for a purchase  
18 price. So, that's the system we have. It's a story  
19 I can tell with a lot of detail because nobody's home  
20 right and it's a story that's very important to  
21 people but those same things happen to homes and  
22 happen to families and they're incredible hard to  
23 untangle. There's a sort of lack of transparency.  
24 What we know is that the city actually doesn't run  
25 the sale itself, it relies on a private company,

2 which we didn't hear about today at all but there's a  
3 private company called RESF Finance, called the Perk.  
4 They're the ones that decide what goes in the sale  
5 because they're the ones that put together the bond  
6 offering.

7 I'm happy to answer any questions. Thank you for  
8 letting me just respond.

9 CHAIRPERSON BRANNAN: Thank you.

10 JOAN ERSKINE: Hi, my name is Joan Erskine. I'm  
11 here on behalf of myself and Brooklyn Level Up, which  
12 represents the flats, Flatbush, East Flatbush, and  
13 the Flatlands. Uhm, seven years ago, I bought a  
14 brick row house with a driveway, front porch, garden  
15 and backyard in East Flatbush. I love it and I love  
16 my neighbors. Most of them are from the Caribbean  
17 and they have been there for decades, and from whom I  
18 have picked up quite a few gardening tips. But even  
19 in that short time, I have seen my neighborhood  
20 change, as my neighbors have aged and died. Too  
21 often their houses, their families intergenerational  
22 wealth is stolen because with aging and death  
23 frequently comes financial hardship and neglect that  
24 results in property tax delinquency.

2       Through my work with Brooklyn Level Up, I've come  
3       to understand that this is the case throughout the  
4       Flats. Under the current tax lien sale structure,  
5       those home owners or their heirs, are exposed to bad  
6       actors and pressure to sell their homes for rock  
7       bottom prices to avoid further debt, and when they  
8       do, the buyer developers put up condo's. And I'm  
9       going to use a technical term here; these are ugly  
10      ass condo's.

11       And these condo's sacrifice every square foot to  
12       concrete and profit. These developments overburden  
13       existing electrical, gas, sewage, and transportation  
14       infrastructure and they are more expensive then can  
15       be paid for the people in my neighborhood. They are  
16       not priced for the residents of East Flatbush either  
17       to buy or to rent. Now clearly, taxes need to be  
18       collected. The bills under consideration today  
19       attend to that but they also strive to keep the  
20       properties in a range that is affordable to the  
21       people who live there. These bills replace a profit  
22       driven system with one that prioritizes affordable  
23       housing and community land use. This switch is  
24       essential if we are to preserve a livable city.

2 So, now to some specifics. One, 80 percent AMI  
3 is not affordable housing in East Flatbush.  
4 According to the HPD, 80 percent AMI for a family of  
5 four is roughly \$130,000, less than 25 percent of  
6 East Flatbush families make that. The AMI needs to  
7 be set - needs to set prices, has to be related to  
8 the actual average median income of the area.

9 The bill must require that all units and projects  
10 be affordable for that project to get land bank  
11 properties without additional public review. The  
12 proposed one unit minimum to qualify is entirely  
13 inadequate. Neighborhoods need neighborhood  
14 businesses, let affordable commercial space be  
15 allowed without public review of specific - of the  
16 specific deal. And finally, because community land  
17 trust by their nature, function to preserve  
18 affordable housing, they should have a right of first  
19 refusal over any other entity spitting on properties  
20 in the land trust. Thank you.

21 CHAIRPERSON BRANNAN: Thank you.

22 ARIELLE HERSH: Thank you Chair Brannan. My name  
23 is Arielle Hersh. I'm the Director of Policy and New  
24 Projects at UHAB. We're a 50 year old nonprofit  
25 specifically dedicated to preserving and helping

2 tenants take over their homes and maintain it as  
3 permanently affordable cooperative HDFC housing. We  
4 also have developed hundreds of units of affordable  
5 housing, mostly through the third party transfer  
6 program. Tax lien sale is a little far afield from  
7 our work but these things are deeply interconnected  
8 and so, I felt that it was important to be here to  
9 speak specifically about the proposals for a land  
10 bank, lien bank. Uhm, we agree with the sort of  
11 intent around these proposals. The system is not  
12 working; it needs to be reformed. However, we've  
13 worked as a partner with Neighborhood Restore for  
14 many, many years, over 20 now. Uhm and find them to  
15 be very capable and a central, and really skilled and  
16 knowledgeable partners. I you know spoke a little  
17 bit about the work but really would want to simply  
18 encourage the Council to think really specifically  
19 about the structures that we already have that may be  
20 leveraged to do the things that we wish to see happen  
21 and to focus on getting us closer towards those  
22 outcomes, rather than focusing on the specific legal  
23 categories or sort of containers that may be  
24 preferable or ideal here. We have a lot of  
25 experience and knowledge of understanding already

2 under our belts and it would be a shame to not use  
3 that to its full effect.

4 The last two points that I'll make very quickly  
5 is around uh this question around uhm, affordability.  
6 In preference, we are in coalition with many of the  
7 advocates here and work closely together. I will say  
8 that the other piece to encouraging deeper  
9 affordability is not only on the legislative side but  
10 also programming and financing form the agency and is  
11 worth considering here and while we are a nonprofit,  
12 we're a founding member of Interboro CLT. We feel,  
13 you know believe deeply in the power of nonprofits  
14 and community land trust to ensure deeply affordable  
15 and stable housing. We think it would uh be perhaps  
16 a risk to the preservation ecosystem to preference  
17 one particular model over the other here and want you  
18 know all of the options and tools in our toolbox at  
19 this issue. Thanks.

20 CHAIRPERSON BRANNAN: Thank you all very much for  
21 your partnership.

22 ARIELLE HERSH: Thank you.

23 CHAIRPERSON BRANNAN: We've been joined by  
24 Majority Whip Brooks-Powers. Okay, now we're moving  
25 to Zoom. So as long as there's no one here in the

2 Chamber who wants to testify. Seeing none, we're  
3 going to Zoom. We'll start with Alexis Foote.

4 SERGEANT AT ARMS: You can begin.

5 ALEXIS FOOTE: Hi everyone. Thank you so much  
6 for having this today. Uhm, good morning Council.  
7 Dear Justin, Keith Powers, Gale Brewer, uhm the  
8 Honorable Adrienne Adams. My name is Alexis. I am  
9 here today representing the ReAL Edgemere CLT, which  
10 stands for Residents Acquiring Land as the Founder  
11 and former Board Member, which is a Community Land  
12 Trust in Far Rockaway.

13 The ReAL Edgemere CLT is a member of the New York  
14 City Community Land Initiative, an alliance of  
15 grassroots, affordable housing, environmental and  
16 economic justice organizations working to promote  
17 community land trusts, CLTs and neighborhood-led  
18 development.

19 We envision nourishing our neighbors' bodies,  
20 minds, and spirits with the development of affordable  
21 homeownership, generational wealth; addressing  
22 teenage violence and unemployment; and creating  
23 economic opportunity that closes the wealth gap for  
24 Black and Brown, and immigrant, and low-income  
25 families. We are thrilled to see that the Council is

2 moving to permanently sunset the tax lien sale. We  
3 support Intro. 1407 sponsored by Speaker Adrienne E.  
4 Adams and Intro. 1420 being sponsored by Sandy Nurse.

5 These Intro. bills would end the lien sale as we  
6 know it and facilitate a land bank for NYC that can  
7 oversee tax liens and municipal debt. If you replace  
8 the tax lien sale with the land bank, we would be  
9 able to save homes and apartment buildings that are  
10 being taken out of the rent stabilization status and  
11 Mitchell Lama stock.

12 The tax lien sale does not notify homeowners  
13 about their homes being included in the tax lien  
14 sale. The tax lien sales put a financial burden on  
15 communities like mine, that are already struggling  
16 with inadequate services and infrastructure. These  
17 bills will provide education and assistance to help  
18 homeowners avoid or manage the tax lien sales. The  
19 tax lien that's on your home. I went and did  
20 outreach in Far Rockaway and there's a senior that's  
21 about to lose her home because she owes \$33,000 and  
22 she doesn't understand the difference between -

23 SERGEANT AT ARMS: Your time has expired. Thank  
24 you.

25 ALEXIS FOOTE: Rent. Uhm -

2 CHAIRPERSON BRANNAN: Just conclude please.

3 ALEXIS FOOTE: These changes would include - I'm  
4 sorry is my time up?

5 CHAIRPERSON BRANNAN: Yeah, I'll give you 15 more  
6 seconds, just conclude please.

7 ALEXIS FOOTE: Okay, thank you. We look forward  
8 to collaborating with the City Council on replacing  
9 systems from municipal debt collection. The final  
10 component of the Community Land Act.

11 As a majority of this Council has agreed, our new  
12 system must one, re-municipalize public debt  
13 collection, prevent displacement of homeowners and  
14 tenants, promote long term affordability through  
15 community, I mean through CLT's and partnerships with  
16 trusted not-for-profit developers. And four, create  
17 a pathway for productive use for vacant lots and  
18 unoccupied buildings. NYC must take a bold action to  
19 address our city's affordability crisis, combat  
20 displacement, and advance racial equity in housing  
21 and land use. Collective land ownership through CLT  
22 is one of the most effective ways to achieve these  
23 public policies.

24 Collective control and stewardship, climate  
25 resiliency and flood protection, neighborhood

amenities and cultural programming, affordable homeownership and transportation infrastructure. And I thank the Council once again. Have a blessed day.

5 CHAIRPERSON BRANNAN: Thanks Alexis. Okay, now  
6 we have William Spisak.

7 SERGEANT AT ARMS: You may begin.

8 WILLIAM SPISAK: Thank you and good afternoon  
9 Committee Chair and members of the Finance Committee.  
10 Thank you for the opportunity to testify today. My  
11 name is Will Spisak, I'm a Senior Policy strategist  
12 at New Economy Project. A citywide organization that  
13 works with community groups to build a just economy  
14 for all. We're also the cofounders of the New York  
15 City Community Land Initiative or NYCCLI, a citywide  
16 coalition of 20 community land trusts across New York  
17 City that's working to develop deeply and permanently  
18 affordable housing in neighborhood led development.

19 I don't need to reiterate all the points that my  
20 colleagues have already made before me. I want to  
21 spend my two minutes summarizing the foully of the  
22 Administration's objection to the bills before us.

23 The DEP Commissioner in his testimony criticized  
24 the idea of "putting enforcement into the hands of an  
25 outside entity." In reference to the land bank. But

2 then the DOF Commissioner proceeded to explain that  
3 the current tax lien trust does just that. The city  
4 sells the right to collect, enforce and potentially  
5 foreclose on property to a shadowy investor backed  
6 and managed trust. So, the question before this  
7 Committee and the Council is, who do we trust; no pun  
8 intended with this tremendous power?

9 An unaccountable opaque investor back trust,  
10 that's sole objective is to maximize profit at that  
11 expense of communities or an intentionally designed  
12 body that will balance enforcement with equitable  
13 outcomes and contribute to the affordable and social  
14 housing priorities of the city by working with  
15 community land trusts nonprofit developers, and the  
16 community development ecosystem in the city.

17 If the later option sounds better to you, then  
18 Council Members, we implore you to vote for these  
19 bills and usher in a new era of municipal tax  
20 collection.

21 Thank you. Happy to answer any questions and  
22 I'll be submitting written testimony with more  
23 detail. Thank you.

24 CHAIRPERSON BRANNAN: Thank you Will. Now we  
25 have Kevin Wolfe.

2 SERGEANT AT ARMS: You may begin.

3 KEVIN WOLFE: Hi, well, good afternoon Chair  
4 Brannan and to all the members of the City Council.  
5 Thank you for the opportunity to speak in strong  
6 support of the most important legislative reforms to  
7 New York City's Tax Lien Sale program since it began  
8 with Mayor Guiliana.

9 My name is Kevin Wolfe and I'm with the Center  
10 for New York City Neighborhoods and I come to you on  
11 behalf of homeowners, especially the low to moderate  
12 income Black and Brown homeowners who for too long  
13 have been treated as revenue to be leveraged, rather  
14 than as the long time pillars of the community that  
15 they are.

16 The result has been unnecessary foreclosure, loss  
17 of generational wealth and destabilization of the  
18 neighborhoods that can least afford it. Earlier this  
19 year, the center led a group of community based  
20 organizations and outreach to help homeowners to get  
21 off the lien sale. We held a total of 66 lien sale  
22 events, reached 15,000 homeowners through in person  
23 outreach, counseled 2,885 clients, and contacted  
24 5,300 homeowners through door knocking.

25

2 The tax liens are concentrated in only a few  
3 areas of the city. We're talking about Southeast  
4 Queens, Central Brooklyn, the North Bronx. I see  
5 that homes and the majority Black zip codes were six  
6 times more likely to be on the lien sale than homes  
7 in a majority White zip code. And overwhelmingly the  
8 homeowners we spoke to they told us that they wanted  
9 to pay their taxes and water bills but they couldn't  
10 afford to. Since 2008, our work with tens of  
11 thousands of distressed New Yorkers across a wide  
12 range of challenges, has shown that [INAUDIBLE  
13 02:38:12] requires both strong protections as  
14 targeted relief for those already in distress.

15 We recommend implementing common sense loss  
16 mitigation standards to prevent future abuses and  
17 strong outreach to provide individualized housing  
18 counseling and financial counseling, along with  
19 coordination between the city agencies, the  
20 homeowners and their applicants.

21 This legislative package is a major step forward.  
22 It protects homeowners from aggressive foreclosure -

23 SERGEANT AT ARMS: Your time has expired. Thank  
24 you.

2 KEVIN WOLFE: Let me just - I've got two more  
3 sentences left, I'm sorry. Uhm, it protects  
4 homeowners uhm from foreclosure by requiring the  
5 trust to wait until debts reached a meaningful  
6 threshold before trying to take away it all. It  
7 ensures transparency by requiring clear communication  
8 of legal action and quarterly billing and unfinished  
9 resolved debt.

10 And finally, it strengthens oversight by  
11 requiring Council approval and setting standards for  
12 buyer eligibility, impact and community benefit  
13 awarded to prevent tax liens from being sold to bad  
14 actors. By passing this bill, the City Council  
15 affirms that fiscal responsibility and justice can go  
16 hand and hand, protecting the city revenues, as well  
17 as making sure homeowners continue to have their  
18 roofs over their heads. I urge the Council to pass  
19 this legislation and I will be providing the rest of  
20 my testimony in writing. Thank you again for this  
21 opportunity.

22 CHAIRPERSON BRANNAN: Thank you. Now we have  
23 Thinley Dolma.

24 SERGEANT AT ARMS: You may begin.

2 CHAIRPERSON BRANNAN: Thinley Dolma? Okay,  
3 Tinyang Yanksill (SP?).

4 SERGEANT AT ARMS: You may begin.

5 CHAIRPERSON BRANNAN: Ingrid Johnson.

6 SERGEANT AT ARMS: You may begin.

7 CHAIRPERSON BRANNAN: Ingrid Johnson. Ingrid, I  
8 think you need to unmute.

9 INGRID JOHNSON: Can you hear me?

10 CHAIRPERSON BRANNAN: Yes, go ahead. Good  
11 afternoon. My name is Ingrid Johnson. I currently  
12 reside and an owner of 121 Montague Street in  
13 Bushwick Brooklyn New York. My Council Member is  
14 Sandy Nurse. I've lived in the home continuously  
15 since I was a child. I am the granddaughter of the  
16 owner in record who died in 1988. My grandmother was  
17 left the home to her four children, including my  
18 father. My father passed away without a will in  
19 2009.

20 I live in the home with my two children at the  
21 ages of 4 and 11. In 2018, several of my  
22 grandmothers heirs were solicited by a corporation  
23 called 206A Bergen Street to sell their shares of the  
24 property and a few did so for the tiny fractions of  
25 its value.

2       Although a significant portion of the property is  
3       still owned within the family, the corporation is the  
4       only owner listed on the Department of Finance  
5       website.

6       This corporation also solicited me. They are  
7       pushy and very disrespectful and kept threatening  
8       that I would eventually be kicked out of my home, but  
9       still, I do not cooperate with them. No one else  
10      lives in the home besides me and my children. And,  
11      yet I did not get property tax bills.

12      This year, my home was on the tax lien sale. I  
13      called Brooklyn Legal Services. They advised me that  
14      since I was the owner and heir, I qualified for both  
15      Easy Exit and Probate Removal. Can I finish?

16      CHAIRPERSON BRANNAN: Yes, go ahead.

17      INGRID JOHNSON: DOF had never advised me about  
18      these options. The problem with Easy Exit was that I  
19      required income documents from all the heirs, but I  
20      am the only heir, and what had not been impossible to  
21      coordinate.

22      On May 28<sup>th</sup>, I took probate removal application to  
23      the DOF Financial Business Services in Brooklyn. The  
24      lien sale was supposed to take place on June 3<sup>rd</sup>, but  
25      as of June 11<sup>th</sup>, I had never received a response. I

2 asked Brooklyn Legal Services if they could check in,  
3 if they could look into it.

4 Finally, on June 26<sup>th</sup>, Brooklyn Legal Services was  
5 able to confirm through its contacts that the probate  
6 removal application was approved on June 24<sup>th</sup>.  
7 However, I was still scared. My July property tax  
8 statement indicated that I was at risk for having my  
9 lien sold if I did not pay total amount owed.

10 Again, I contacted Brooklyn Legal Services, and  
11 they reassured me that, despite the misleading  
12 notice, I had been removed from the lien sale. I  
13 understood that probate removal gave me two years to  
14 address the estate. I plan to keep my home within  
15 the family. I wish DOF would recognize me as one of  
16 the owners and work with me to figure out a plan  
17 moving forward.

18 I am afraid of what the next tax lien sale will  
19 bring, and whether the city will again threaten to  
20 sell my lien, putting me at risk of homelessness.  
21 Thank you for listening.

22 CHAIRPERSON BRANNAN: Thank you Ingrid.

23 INGRID JOHNSON: Thank you.

24 CHAIRPERSON BRANNAN: Okay, Thinley Dolma or  
25 Tinyang Yanksill. Last call.

2 Okay, with that, this hearing is adjourned.

3 Thank you everybody. [GAVEL]

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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 December 5, 2025