

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

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Chairperson

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Tax Lien Sale and Land Bank Bills

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

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

CHAIRPERSON BRANNAN: Thank you Sergeant.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1
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.

Intro. 570 A would establish a city land bank.

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

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

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

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

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

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

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

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

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

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

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

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

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

PANEL: I do.

COMMITTEE COUNSEL: You may begin.

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

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

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

These are predominantly minority communities where homeowners are already under immense pressure from gentrification, displacement and predatory investors, which is a real crisis that both the city and state have failed to prioritize with action. Over the past year, I Co-Chaired the tax lien sale taskforce, Local law 82 where Council and Administration appointees met monthly to analyze how the current system works, who holds what power, how decisions are made, how we can align our tax enforcement with the shared goals of compliance, preservation and equity.

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

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

18
19 The incoming administration, like those before it
20 has promised comprehensive property tax reform and
21 additionally the income 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

1
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

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

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

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

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

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

here to speak today about the five bills being heard and the impact of the changes being contemplated.

I'm joined today also by Deputy Commissioner for Customer Operations and Co-Chair of the Temporary Taskforce Annette Hill.

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

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

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

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

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

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

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

taskforce and to all the participants for their contributions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHAIRPERSON BRANNAN: Thank you Commissioner.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHAIRPERSON BRANNAN: Thank you Commissioner.

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

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

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

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

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

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

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

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

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

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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.

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

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

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

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

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

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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

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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 uhm that uh the
25 city would have to stop tax and water enforcement,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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

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

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

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

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

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

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

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

SPEAKER ADRIENNE ADAMS: What's your success rate?

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

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

ANNETTE HILL: No.

PRESTON NIBLACK: That's correct.

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

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

1
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

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

1
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

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

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.

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

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

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

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

CHAIRPERSON BRANNAN: Yeah.

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

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

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

1
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

1
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

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

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

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

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

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

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

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

1
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 -

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

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

What we're proposing, sorry let me stop.

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

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

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

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

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

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

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.
25

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

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

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

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

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

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

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

1
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.

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

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

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

ROHIT AGGARWALA: Actually, I believe it's 290. Correct me? I think it's 298 but it's in that ballpark.

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

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

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

1
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 covenance. 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 CHAIRPERSON 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.
25

CHAIRPERSON BRANNAN: Okay. Okay, thank you.
I'm going to turn it over to Council Member Nurse.

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

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

1
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 than 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 protractive

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

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

PRESTON NIBLACK: Hold please.

COUNCIL MEMBER NURSE: No problem.

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

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

PRESTON NIBLACK: Yeah.

COUNCIL MEMBER NURSE: Yeah, understood.

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

COUNCIL MEMBER NURSE: Okay, yeah we appreciate it.

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

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

1
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

1
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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ANNETTE HILL: Yes.

PRESTON NIBLACK: Yes.

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

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

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

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

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

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

ANNETTE HILL: They come up -

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

PRESTON NIBLACK: Understood.

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

1
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

1
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

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

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

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

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

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

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

CHAIRPERSON BRANNAN: Council Member Brewer.

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

don't understand why it's a conflict of interest.

You will still get your money, which I understand and at the same time provide whatever the - I mean some of these smaller buildings could be DV homes would be phenomenal. We are absolutely out of domestic violence locations as an example.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PRESTON NIBLACK: Thank you very much.

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

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

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

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

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

LACY TAUBER: Alright, okay.

CHAIRPERSON BRANNAN: Okay, you can begin.

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

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

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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

physically and financially distressed properties into affordable community assets.

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

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

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

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

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
25

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

residential units effected by the lien sale for years.

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

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

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

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

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

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

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

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

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

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

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

Thank you for this opportunity.

CHAIRPERSON BRANNAN: Thank you very much.

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

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

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

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

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

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

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

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

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

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

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

bank that creates affordable housing will protect vulnerable households and financially empower city.

And I'd also just like to thank you all for your work. I know that we're all aligned in our goals, so thank you.

CHAIRPERSON BRANNAN: Council Member Brewer.

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

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

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

7
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

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

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

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

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

22 I'll conclude my remarks there and rely on what I
23 have written.
24
25

CHAIRPERSON BRANNAN: Thank you very much.
Paula.

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

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

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

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

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

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

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

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.
25

1
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.
25

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

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

CHAIRPERSON BRANNAN: Thank you.

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

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

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

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

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

ARIELLE HERSH: Thank you.

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

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

SERGEANT AT ARMS: You can begin.

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

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

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

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

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

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

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

ALEXIS FOOTE: Rent. Uhm -

CHAIRPERSON BRANNAN: Just conclude please.

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

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

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

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

Collective control and stewardship, climate 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.

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

SERGEANT AT ARMS: You may begin.

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

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

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

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

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.

SERGEANT AT ARMS: You may begin.

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

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

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

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

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

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

22 SERGEANT AT ARMS: Your time has expired. Thank
23 you.
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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.
25

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

SERGEANT AT ARMS: You may begin.

CHAIRPERSON BRANNAN: Ingrid Johnson.

SERGEANT AT ARMS: You may begin.

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

INGRID JOHNSON: Can you hear me?

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

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

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

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

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

CHAIRPERSON BRANNAN: Yes, go ahead.

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

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

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

Finally, on June 26th, Brooklyn Legal Services was
able to confirm through its contacts that the probate
removal application was approved on June 24th.

However, I was still scared. My July property tax
statement indicated that I was at risk for having my
lien sold if I did not pay total amount owed.

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

I am afraid of what the next tax lien sale will
bring, and whether the city will again threaten to
sell my lien, putting me at risk of homelessness.

Thank you for listening.

CHAIRPERSON BRANNAN: Thank you Ingrid.

INGRID JOHNSON: Thank you.

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

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COMMITTEE ON FINANCE

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Okay, with that, this hearing is adjourned.
Thank you everybody. [GAVEL]

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