

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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June 18, 2024
Start: 1:16 p.m.
Recess: 2:49 p.m.

HELD AT: COMMITTEE ROOM - CITY HALL

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

COUNCIL MEMBERS:

Diana Ayala
Gale A. Brewer
Selvena N. Brooks-Powers
David M. Carr
Amanda Farías
Crystal Hudson
Farrah N. Louis
Francisco P. Moya
Keith Powers
Yusef Salaam
Pierina Ana Sanchez
Althea V. Stevens
Nantasha M. Williams

OTHER COUNCIL MEMBERS ATTENDING:

Sandy Nurse

A P P E A R A N C E S

Preston Niblack, Commissioner of the New York City Department of Finance

Annette Hill, Deputy Commissioner for Customer Operations at New York City Department of Finance

Jeffrey Shear, First Deputy Commissioner at New York City Department of Finance

Albert Kramer, Acting Deputy Commissioner of the New York City Department of Environmental Protection

Kim Darga, Deputy Commissioner of the New York City Department of Housing Preservation and Development

Paula Segal, Senior Staff Attorney in the Equitable Neighborhoods Practice of TakeRoot Justice

Will Spisak, Senior Program Associate at New Economy Project

Kevin Wolfe, Deputy Director of Advocacy and Public Affairs at Center for NYC Neighborhoods

Jakob Kendall Schneider, Board of the East New York Community Land Trust

Joan Erskine, Brooklyn Level Up

2 SERGEANT-AT-ARMS: This is a microphone
3 check for the Committee on Finance, recorded by Layla
4 Lynch, in the Committee Room on June 18, 2024.

5 SERGEANT-AT-ARMS: Hello, and welcome to
6 the New York City Hybrid Heard on the Committee on
7 Finance.

8 Please silent all electronic devices.

9 At no time, please do not approach the
10 dais. If you have any questions, please raise your
11 hand, and one of us, the Sergeant-at-Arms, will
12 kindly assist you.

13 Thank you very much for your kind
14 cooperation.

15 Chair, we're ready to begin.

16 CHAIRPERSON BRANNAN: Thank you, Sarge.

17 [GAVEL] Okay, good morning, well, no, good afternoon,
18 and welcome to today's Finance Committee meeting. I'm
19 Council Member Brannan. I Chair the Committee on
20 Finance. We've been joined this afternoon by Council
21 Members Salaam, Carr, Brooks-Powers, Ayala, and
22 Brewer. We've also been joined by Council Member Moya
23 on Zoom.

24 Today, the Committee is holding a hearing
25 on a Pre-Considered Introduction, sponsored by myself

2 and Council Members Sandy Nurse and Nantasha
3 Williams, which would make significant reforms to the
4 City's process of collecting outstanding property
5 taxes and charges. It would authorize the Department
6 of Finance to conduct the sale of this debt with a
7 new set of comprehensive protections for homeowners
8 and tenants that shifts focus towards home
9 preservation and resolving debt rather than solely on
10 collection of debt by any means.

11 I want to thank the Finance Division
12 Staff for their work in preparation for this hearing.
13 Specifically, my Deputy Director Emre Edev, State and
14 Federal Legislative Counsel Alan Leibowitz, Chief
15 Economist Dilara Dimnaku, my Committee Counsel Mike
16 Twomey, and my Senior Advisor Jonathan Yedin, who've
17 put in a ton of work on this bill over the past
18 almost two years, and today is a culmination of a
19 lot, a lot of hard work behind the scenes so I'm very
20 grateful to everyone that helped out.

21 The City first began selling liens on
22 delinquent property tax in 1996, along with water,
23 sewer, and certain other municipal charges, as a
24 replacement method to collect delinquent property
25 taxes without the financial obligations of

2 foreclosing on and directly administering delinquent
3 properties. Before the lien sale, the property tax
4 delinquency rate sat at nearly 5 percent. Since
5 adoption of the lien sale program, nearly 80 percent
6 of property owners pay the full amount owed or access
7 a payment plan or exemption before the lien is sold.
8 As of FY23, the delinquency rate was 2.2 percent.
9 However, the Council has repeatedly recognized the
10 tax lien sale as practiced disproportionately harmed
11 homeowners in communities of color and lower-income
12 communities. A report by the Coalition for Affordable
13 Homes found nearly two-thirds of the lien sales sold
14 in the 2021 sale were in areas where over half the
15 homeowners identified as non-white or Hispanic, while
16 over a quarter of the lien sales were in areas where
17 homeowners reported incomes of less than 75,000
18 dollars. The property tax is the City's largest
19 source of revenue, and it's important this resource
20 be collected in order to fund the everyday programs
21 and services necessary to support all New Yorkers,
22 but the Council has been and remains willing to let
23 authorization for the lien sale expire rather than
24 collect funds at the expense of driving foreclosure
25 and homelessness among our most vulnerable. For over

2 half a year, the Council has worked with advocates
3 and the Administration to develop necessary reforms
4 to curb the harm inflicted on communities while
5 upholding our fiscal responsibility to the City. This
6 bill would continue a shift of how the City
7 approaches this debt, taking a broader view of
8 resolving its underlying causes.

9 To do that, we look towards four key
10 goals in this bill. Number one, first and foremost,
11 was to protect at-risk homeowners, particularly those
12 with incomes below the income threshold set by the
13 Enhanced STAR Program, which is currently 98,700, and
14 updated each year pursuant to State law. For these
15 homeowners, we wanted to make solutions where they
16 could resolve their delinquency status while still
17 preserving their equity and avoiding displacement.

18 Second, we are taking steps to make sure
19 that as the City pushes to collect outstanding debt
20 from landlords, their tenants do not suffer from the
21 landlords diverting funds away from building upkeep
22 to pay back the owed taxes.

23 Third, after protecting the most at-risk,
24 we wanted to be sure that we kept the ability to
25 enforce and collect property taxes and water bills

2 from those property owners who truly do have the
3 ability to pay and should.

4 Fourth, we do not see this bill as the
5 final step. Instead, it's part one of an ongoing
6 process to rethink and reimagine and continually
7 improve how we approach the resolution of property
8 taxes and other City charges.

9 I want to briefly outline some of the key
10 portions of the bill in a larger agreement with the
11 Administration. Increased outreach and transparency
12 from DOF. This bill would require the Department of
13 Finance to send late payment notices 45 days after an
14 owner is late on their property taxes, matching the
15 existing best practice from DEP. Council would also
16 receive additional information about water
17 delinquencies so we can better track where the
18 problem areas are and develop solutions, and
19 additional reporting to track how well the bill's new
20 programs are working and make sure that nothing is
21 falling through any gaps.

22 Number two is end fast-tracking the sale
23 of subsequent liens. To reduce the number of
24 properties at risk of having liens sold and to help
25 manage the burden on those whose liens were sold, we

2 would end the fast-tracking of sale of subsequent
3 liens. We would exclude undeveloped vacant land from
4 the debt sale to prevent these plots of land falling
5 into the hands of those who would exploit the
6 property in illegal ways or to harass neighboring
7 properties.

8 Dedicated funding, including a Council
9 initiative for estate planning, to ensure our seniors
10 have clear wills to avoid legal issues that would
11 happen when they pass away without one, along with a
12 2-million-dollar annual commitment from the
13 Administration to fund outreach that will work in
14 conjunction with the recently expanded HPD Help Desk.

15 An expansion of new ways for property
16 owners to resolve their debt. A new easy exit
17 program. Primary resident homeowners with incomes
18 below the Enhanced STAR threshold can remove
19 themselves from the lien sale on request up to three
20 times over three years. This will give them the space
21 and time they need to figure out a lasting solution.

22 A new circuit breaker deferral program,
23 allowing eligible homeowners to defer any property
24 taxes that exceed 10 percent of their income. This
25 would improve the affordability of their payments and

2 address what we believe to be a key driver of
3 delinquency.

4 A last option to preservation housing. A
5 final last resort option for homeowners who are faced
6 with displacement because they are at the stage of
7 having to either sell their home or face foreclosure.
8 This voluntary program would transfer the homeowner's
9 property to a qualified preservation purchaser or a
10 QPP who will lease the property back to the owner for
11 99 years at a rate affordable to that owner. The
12 owner will also get a limited equity note that can be
13 cashed in if and when they decide to vacate the
14 property. At that point, the QPP would resell the
15 home as a part of an affordable home ownership
16 program. Both the lease and the limited equity note
17 are transferable to the owner's heirs.

18 If a homeowner's debt is sold, this bill
19 would offer new protections. A homeowner who
20 qualifies for SCHE or DHE, certain veterans'
21 exemptions, or any other exemption that would remove
22 someone from the scale, they can file an application
23 for that exemption up to 90 days after the sale and
24 have the sale undone. The 5 percent surcharge levied

2 when a lien is sold will be waived for certain
3 homeowners once they pay off their debt.

4 We're also mindful in this process of
5 tenants. For rental buildings that regularly appear
6 on the lien sale list, HPD will inspect those
7 buildings with high levels of debt to ensure these
8 properties are not distressed. If they are, they
9 would automatically go to the third-party transfer
10 program.

11 The Administration also commits to share
12 with the Council a list of other such frequent flyer
13 buildings that have demonstrated levels of poor
14 housing conditions, but their debts do not reach the
15 TPT threshold, so that Council Members can continue
16 to monitor and work to improve conditions. As part of
17 the TPT reforms, the Council will explore if some of
18 these properties make sense for inclusion to that
19 program for enforcement. I'd also add that my
20 expectation is that the outreach funding will also
21 help connect tenants and rental buildings that they
22 come across tenant resources.

23 Finally, this bill would create a task
24 force with a specific focus on the City Trust that
25 purchases and enforces the liens to determine if

2 reforms or a whole new approach could improve not
3 just collections, but to address the City's housing
4 crisis. The Council intends to act on the
5 recommendations of this Task Force next year before
6 the end of this session.

7 Before I close, I want to take this time
8 to point out that many of the harms I've mentioned
9 can be traced back to the basic structure of our
10 property tax system, and I once again call on my
11 colleagues in Albany to take up the recommendations
12 of the Advisory Committee on Property Tax Reform and
13 finish the job of building a fair and rational
14 property tax system. The City has pushed the ball
15 just about as far as we can and as far as we have the
16 power to do. We need our State partners to take it
17 the rest of the way.

18 Today, we'll hear testimony from the
19 Administration about this bill. I look forward to
20 discussing how we continue to take these necessary
21 steps forward.

22 With that, I'll turn things over to the
23 Counsel to swear in the witnesses.

24 Just note that we've also been joined by
25 Council Members Sanchez and Nurse.

1 COMMITTEE ON FINANCE

12

2 COMMITTEE COUNSEL TWOMEY: Good afternoon.

3 Can you raise your right hands, please?

4 Do you affirm to tell the truth, the
5 whole truth, and nothing but the truth, and to
6 respond honestly to Council Member questions?

7 Commissioner Niblack.

8 COMMISSIONER NIBLACK: Yes.

9 COMMITTEE COUNSEL TWOMEY: Deputy
10 Commissioner Hill.

11 DEPUTY COMMISSIONER HILL: Yes.

12 COMMITTEE COUNSEL TWOMEY: First Deputy
13 Commissioner Shear.

14 DEPUTY COMMISSIONER SHEAR: Yes.

15 COMMITTEE COUNSEL TWOMEY: Deputy

16 Commissioner Kramer.

17 ACTING DEPUTY COMMISSIONER KRAMER: Yes.

18 COMMITTEE COUNSEL TWOMEY: Deputy

19 Commissioner Darga.

20 DEPUTY COMMISSIONER DARGA: Yes.

21 COMMITTEE COUNSEL TWOMEY: Thank you. You
22 may begin.

23 COMMISSIONER NIBLACK: Thank you. Good
24 afternoon, Chair Brannan, Members of the Committee
25 and of the City Council. My name is Preston Niblack,

2 and I'm Commissioner of the Department of Finance.

3 I'm joined today by DOF's First Deputy Commissioner

4 Jeffrey Shear, our Deputy Commissioner for Customer

5 Operations Annette Hill, Deputy Commissioner Kim

6 Darga of the Department of Housing, Preservation, and

7 Development, and Acting Deputy Commissioner Albert

8 Kramer of the Department of Environmental Protection.

9 We are here today to discuss the Pre-

10 Considered Intro to Transform Property Tax

11 Enforcement and Debt Resolution. As you know, the

12 sale of liens against privately-owned properties for

13 property taxes, water and sewer charges, and for

14 certain other property-based charges, has been the

15 City of New York's primary mechanism for the

16 enforcement of payment obligations and property

17 owners since 1996. My own history with the tax lien

18 sale goes back to 2011, if I recall correctly, when

19 the City Council, with leadership from the late Al

20 Vann, worked to add protections for vulnerable

21 homeowners and communities as a critical part of the

22 tax lien sale reauthorization that year. Since that

23 time, there have been several refinements to the

24 program, primarily designed to protect the rights of

25 homeowners. Over the years, we have mandated more

2 outreach, changed the thresholds for inclusion in the
3 lien sale, and expanded our payment plan options,
4 among other reforms.

5 Nothing in the past, however, has
6 approached the extent and depth of reform that is
7 embodied in this proposal. This bill will
8 fundamentally change how we resolve property tax
9 debt, going further than ever before, to recognize
10 the distinction between property owners who could pay
11 but do not, and those who would pay but cannot.

12 Before I describe in more detail these
13 changes, let me review the process as it has worked
14 until now. As you know, if a property owner
15 accumulates unpaid property tax, water and sewer, HPD
16 debt, depending on the property and debt type, that
17 debt becomes a lien and, if the unpaid lien exceeds
18 certain thresholds, the lien may be subject to sale.
19 A list of properties with qualifying liens is
20 released 90 days ahead of the sale, and owners for
21 the property on that list receive a notice in the
22 mail. If the owner does not take any action to
23 resolve the debt through full payment or entering
24 into a payment plan, or applying for and receiving an
25 eligible exemption, they will receive additional

2 notices at 60, 30, and 10 days ahead of the date set
3 for sale of the liens. Most liens are resolved before
4 they are sold. In the six lien sales between 2015 and
5 the last one in 2021, over two-thirds of liens were
6 removed before sale because they were either paid in
7 full, or the owner had entered into a payment plan,
8 or because they had a current or pending exemption
9 but, in the event that the owner has not acted to
10 resolve their debt, the liens on that property are
11 sold to a legally separate, special-purpose Trust
12 created by the City. In return for the right to
13 collect on the sold liens, the Trust pays the City an
14 amount that it raises through the sale of interest-
15 bearing bonds. If no action is taken between seven
16 months and a year from the sale date, then the
17 property may be subject to a foreclosure action.
18 Foreclosure is, by design, a lengthy process,
19 typically at least two years. Property owners may
20 resolve their debt at any point during a foreclosure
21 action, right up until the sale at auction of a
22 property. An auction sale is, of course, the worst-
23 case outcome and the one that we are seeking to
24 avoid, particularly for low- to moderate-income
25 homeowners, through the proposal before you today.

2 So what is different in this legislation
3 from past lien sales? First, we start from a posture
4 of prevention. Our goal is to help taxpayers resolve
5 their debt and to dramatically reduce the number of
6 owners that face enforcement actions. As a first
7 step, starting this August, we will begin sending
8 past-due notices to owners who miss their quarterly
9 or semiannual payment. This may seem like an obvious
10 step, but it's one we haven't done before. Based on
11 our experience with the annual October 31st debt
12 warning notice that we have sent out for the past
13 three years, we think reminding taxpayers that they
14 owe us money will help keep them current with their
15 obligations. DEP already does this and has seen a
16 decline in the delinquency rate since they introduced
17 it.

18 In a change from past practice, no liens
19 on Class I homes and condos and co-ops will be
20 subject to sale unless they have independently
21 reached the required age and amount to be included in
22 a lien sale. This change will by itself substantially
23 reduce the number of homeowners in each year's sale.

24 We are mandating much more intensive,
25 personalized outreach between the time that the 90-

2 day notices go out and the lien sale itself. We often
3 hear that people simply did not receive the notice
4 regarding the lien sale or that they don't know what
5 they need to do to be removed. Our goal is first and
6 foremost to make sure they are aware of the lien sale
7 and secondly to make sure they are aware of the
8 resources available to them to assist in addressing
9 their particular situations, whether that be
10 financial counseling, estate planning, mortgage
11 assistance, legal, or other services. The proposal
12 includes 2 million dollars for this purpose to work
13 with community partners for outreach during the
14 notice period and to direct owners to the appropriate
15 services.

16 We are also redesigning our notifications
17 to homeowners to highlight the resources and options
18 available to them, including exemptions, payment
19 plans, and the option to gain extra time to resolve
20 their debt. In addition, at-risk notices will let
21 owners know the minimum amount that needs to be
22 resolved to ensure that they are removed from the
23 lien sale. In this way, we hope to make it less
24 daunting for owners to begin to tackle their debt and
25 avoid enforcement.

2 We are creating more pathways for owners
3 to avoid the sale of their liens. For example, even
4 if you receive your notice in a timely fashion, 90
5 days may not be enough time to resolve what may be
6 difficult financial or other challenges so we are
7 proposing to give vulnerable homeowners more time to
8 address their situations. Through what we refer to as
9 the easy exit option, low- and moderate-income
10 primary resident homeowners may simply apply to be
11 removed from the lien sale. In return, they'll
12 provide their contact information so that we may
13 continue to work with them to address their financial
14 or other circumstances. This option can be exercised
15 up to three times, giving homeowners up to three
16 years to resolve their debt before any further
17 enforcement action.

18 We have also enhanced the availability of
19 our Property Tax And Interest Deferral, or PT AID,
20 program by increasing the income threshold, which
21 will be pegged to the Enhanced Star Income Threshold,
22 which is currently 98,700, as you noted.

23 Thanks to Speaker Adams' leadership, we
24 are creating a new income-based PT AID plan that will
25 allow eligible homeowners to defer property taxes in

2 excess of 10 percent of their annual income each
3 year. In short, we are substantially enhancing our
4 outreach to at-risk homeowners as well as the amount
5 of time and options available to them so that they
6 can avoid being in the lien sale process and address
7 the circumstances that led them to fall behind on
8 their payments.

9 These measures taken together will
10 dramatically reduce the number of homeowners who face
11 enforcement action. Inevitably, there will be some
12 owners who, despite our best efforts, will not have
13 reached a resolution before the lien sale. There is
14 now opportunity for them to resolve their debt more
15 easily, even after the sale. Notably, under the
16 proposed legislation, we will waive the 5 percent
17 surcharge that is added to their total sold lien
18 amount for eligible homeowners who resolve their
19 debt. In addition, homeowners will continue to be
20 able to remove their liens by applying for eligible
21 tax exemptions up to 90 days after the date of the
22 tax lien sale and, finally, in the event that a
23 taxpayer cannot resolve their debt through any other
24 means, we have developed an important alternative
25 called the preservation track to allow owners to

2 remain in their homes and retain equity in their
3 home. Eligible homeowners will have the option to
4 transfer their property to a community land trust or
5 other qualified not-for-profit in return for the
6 right to remain in their home at a cost they can
7 afford. The not-for-profit will enter into a 99-year
8 lease with the resident and a long-term renewable
9 regulatory agreement with HPD that will ensure that
10 the property will continue to be used as affordable
11 housing.

12 I am extremely proud of the reform
13 package that we present today. It is the culmination
14 of years of advocacy, hard work, and dedication by
15 many of you here today, including Members, Staff, and
16 advocates. We thank you for your input and hope that
17 you see the results of your work reflected in this
18 proposal. I want in particular to thank Speaker
19 Adams, Chair Brannan, and the Staff of the Council
20 Finance Division for their dedicated collaboration on
21 this legislation as well as our Administration
22 partners at HPD, DEP, the Law Department, and the
23 Office of Management and Budget. On behalf of the
24 Adams' Administration and all of us, I appreciate the

2 opportunity to testify today, and we are happy to
3 answer your questions.

4 CHAIRPERSON BRANNAN: Thank you,
5 Commissioner. We've also been joined by Council
6 Members Hudson and Stevens.

7 Let me talk about revenues a bit. Our
8 understanding has been that prior lien sales
9 generated about 300 million dollars in revenues from
10 uncollected taxes and water bills. Do you agree with
11 that assessment, and how much of that revenue was
12 City funds and how much was it for the Water Board?

13 COMMISSIONER NIBLACK: That's
14 approximately right. The average between 2015 and
15 2019, if I recall correctly, was about 300 million
16 dollars in property taxes, and then I'm not going to
17 remember the number off the top of my head, but some
18 other amount in water and sewer and other charges,
19 but altogether around, if I recall, about 450 million
20 dollars usually.

21 CHAIRPERSON BRANNAN: Considering that we
22 haven't had a lien sale since 2021, it would seem
23 that the revenues should be much greater in the next
24 lien sale so how much in outstanding property charges

2 do you think DOF can collect in the next lien sale?

3 Best guess.

4 COMMISSIONER NIBLACK: That's a difficult
5 question to answer, in part because, as you note, we
6 haven't had a lien sale in a little while. We've had
7 an intervening sort of life-altering pandemic that
8 has changed the economic situation in the city quite
9 a bit. Our goal is to bring that back down, the
10 delinquencies back down, to the level that we saw
11 pre-pandemic. We just don't know exactly how people
12 are going to respond. We have a whole new set of
13 options and off-ramps here that we're offering to
14 people, which we're going to try and take advantage
15 of so, honestly, my hope is that a lot of people will
16 not get into the lien sale, and we will collect prior
17 to even the lien sale process, to some extent, and
18 certainly during the 90-day notice period. Again, I
19 hesitate to forecast a number, but, again, our goal
20 is to sort of bring this back down to a level that
21 was what we experienced prior to the pandemic when we
22 had regular lien sales.

23 CHAIRPERSON BRANNAN: And regular lien
24 sales, typically 300 million, right?

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2 COMMISSIONER NIBLACK: Yes, for property
3 taxes, yes, around that.

4 CHAIRPERSON BRANNAN: So could you tell us
5 right now how much is the City owed in outstanding
6 property tax bills?

7 COMMISSIONER NIBLACK: We are owed, and I
8 don't know if Deputy Commissioner Hill, you have that
9 number, or Deputy Commissioner Shear?

10 DEPUTY COMMISSIONER SHEAR: For the
11 current Fiscal Year, the outstanding amount as of now
12 is 839 million dollars. We expect that to come down
13 somewhat by the end of the Fiscal Year.

14 CHAIRPERSON BRANNAN: The end of the
15 Fiscal Year is like six days from now?

16 DEPUTY COMMISSIONER SHEAR: Yes.

17 CHAIRPERSON BRANNAN: How much would it
18 come down in six days?

19 DEPUTY COMMISSIONER SHEAR: We expect it
20 to come closer towards 800 million.

21 CHAIRPERSON BRANNAN: Okay, and what about
22 water debt?

23 COMMISSIONER NIBLACK: Deputy Commissioner
24 Kramer?

25

2 ACTING DEPUTY COMMISSIONER KRAMER: I can
3 speak to that. For water debt, we're owed, we have
4 roughly a billion dollars.

5 CHAIRPERSON BRANNAN: One billion?

6 ACTING DEPUTY COMMISSIONER KRAMER: One
7 billion, correct.

8 CHAIRPERSON BRANNAN: Okay. I want to talk
9 about the Graveyard Trust and residual payments to
10 the City. The D-1998-2 Trust, a.k.a. the Graveyard
11 Trust, has no bondholders to pay and is where older
12 liens that have been difficult to collect end up.
13 Because it has no bondholders, all revenues it
14 generates are due to the City, so the Trust has been
15 collecting debts for the past several years, but from
16 what the Council can tell, at least through the end
17 of FY23, it hasn't sent any money to the City in at
18 least two years. The City's ACFR showed 0 dollars in
19 lien sale revenues. Could you tell us why that is?

20 DEPUTY COMMISSIONER HILL: We get a
21 quarterly report, and there have been some money from
22 the Trust that has come in from the 1998 Trust.

23 CHAIRPERSON BRANNAN: So what happened to
24 those revenues? Who decides when to send them back to
25 the City?

2 DEPUTY COMMISSIONER HILL: Well, through
3 the contractors. We have services who manage the
4 collection of the liens, and the Trust sends a
5 quarterly report of the money. It comes in quarterly.

6 CHAIRPERSON BRANNAN: So how much in
7 collected revenues that could be brought back to the
8 City are still with the Trust currently?

9 COMMISSIONER NIBLACK: There's about 450
10 million dollars outstanding on liens in the Trust.

11 CHAIRPERSON BRANNAN: 4 5 0?

12 COMMISSIONER NIBLACK: 450, yes. A lot of
13 that, the reason properties are in the 1998-2 Trust
14 is often because they're very difficult to collect.
15 They may have no value at auction because they're an
16 undevelopable vacant lot or other property. They're a
17 brownfield. They don't have any value necessarily
18 that anybody's willing to pay for them. Very often
19 it's a question of tangled ownership records,
20 litigation, bankruptcy so, if we can't establish a
21 clean ownership trail, obviously we can't sell it so
22 a lot of the liens in the lien sale trust, although
23 they add up to a substantial amount, they're very
24 difficult to really be able to enforce and collect.

2 CHAIRPERSON BRANNAN: It's our
3 understanding that the initial lien sale list prior
4 to COVID used to list nearly 900 million in
5 outstanding liens. The City only collected about 300
6 million of that through lien sales so what happened
7 to the rest?

8 COMMISSIONER NIBLACK: We include on the
9 initial list every property that shows outstanding
10 taxes, property taxes, water and sewer debt, and
11 other charges. Typically that's, yes, somewhere
12 between 900 and a billion dollars on the initial
13 list. It often turns out that a lot of those
14 buildings are removed from this list for many
15 reasons. They could be owned for not-for-profit. They
16 may be distressed and pulled by HPD. They may be in
17 litigation or bankruptcy, etc. There are a whole list
18 of reasons why a number of those buildings might be
19 removed. Some of the funds, obviously that 300
20 million, some of them are brought in ahead of the
21 lien sale when people get their 90-day notice. Some
22 of it's at the lien sale, and some of it comes in
23 subsequently, and some of it ends up, as we just
24 discussed, in the Graveyard Trust because it's
25 uncollectible. In the absence of the lien sale,

2 though, we probably wouldn't collect that 300 million
3 either so, although there's a lot that is there
4 initially that shows up on the list, a lot of it is
5 not debt that should have been imposed for various
6 reasons or debt that we could collect through the
7 enforcement process.

8 CHAIRPERSON BRANNAN: We understand that
9 there's a number of administrative pulls for reasons
10 like the property is government-owned or there's a
11 legal dispute or it's in the HPD or an EDC program.
12 Could you tell us how come those aren't scrubbed
13 prior to the notice list being created?

14 COMMISSIONER NIBLACK: There is a certain
15 amount of scrubbing that does go on. There's
16 properties that are initially put on the list and
17 then removed before the 90-day list is finalized, but
18 there are a lot of properties that we don't know the
19 full circumstances of so, if a property was
20 transferred to a new owner, like a non-for-profit or
21 a homeowner who gets an exemption, if there are,
22 again, legal issues, bankruptcy proceedings, title
23 disputes, etc., we're not always going to know all of
24 those circumstances. The notification itself is

2 actually our way of eliciting some of that
3 information from property owners.

4 CHAIRPERSON BRANNAN: Can DOF commit to
5 scrubbing the list better from the beginning so that
6 we just focus on outreach on properties that are
7 truly at risk?

8 COMMISSIONER NIBLACK: We do our best to
9 make sure that we have a list that's clean and,
10 again, we use this in part when we're not sure about
11 the circumstances of a property to try and elicit
12 information to help clarify that so very often we
13 won't know about some of the litigation, for example,
14 that's occurring or disputes over a title until we
15 find out once we've notified the owner of record that
16 we have of the lien sale.

17 I don't know, Deputy Commissioner Hill,
18 you want to add anything?

19 DEPUTY COMMISSIONER HILL: Yes. We do
20 share the list with quite a bit of our partners so
21 they could scrub it. We share it with DEP and HPD,
22 and they do reach out to us, and we do scrub it as
23 well as the Law Department so we do have a big in-
24 house scrubbing that goes on prior to the actual
25 sale.

2 CHAIRPERSON BRANNAN: The lien sale Trust,
3 can you describe the Trust and who staffs it?

4 COMMISSIONER NIBLACK: The Trust is a
5 legal entity that exists for purposes of holding the
6 liens. It doesn't have a staff per se. It's overseen
7 by the Department of Finance, by the Law Department,
8 and by OMB, and the Trust has a Trust manager who
9 hires services to manage the collections and
10 resolution of the debt in each lien sale.

11 CHAIRPERSON BRANNAN: When does the Trust
12 start foreclosures?

13 COMMISSIONER NIBLACK: It depends, but
14 typically it can start if there's no response from
15 the homeowner and it gets to the six-month mark.
16 After the lien sale where interest payments are due
17 and there's no payment from the owner, you can start
18 and initiate a foreclosure action 30 days after that,
19 so seven months after that. If there's some payment
20 that's been made but it stopped, then we will wait
21 until the one-year mark. Obviously, if people are
22 working with us, we have any indication that
23 somebody's trying to work with us to pay it, we won't
24 initiate a foreclosure action.

2 CHAIRPERSON BRANNAN: Can the Trust pause
3 them if an owner is trying to pay off the debt?

4 COMMISSIONER NIBLACK: Yes, absolutely. If
5 anybody has indicated that they're working with us,
6 they've made a down payment against a payment plan,
7 or they're working on transfer of the title or any
8 other action that would result in resolution of the
9 debt, yeah, absolutely, we won't initiate, and we
10 will pause any action that has been initiated.

11 CHAIRPERSON BRANNAN: Can you tell us how
12 many foreclosures have happened through the lien
13 sale?

14 COMMISSIONER NIBLACK: I'm sorry. Say that
15 again?

16 CHAIRPERSON BRANNAN: How many
17 foreclosures have happened through the lien sale?

18 COMMISSIONER NIBLACK: In the 2021 lien
19 sale, there have been no sales at auction, right? No
20 properties have been sold from the 2021 lien sale. A
21 couple hundred at least since 2015 have reached the
22 sale point. Foreclosure actions are initiated more
23 often but, most of the time, three-quarters of the
24 time, they result in resolution before it ever gets
25 to the sale point.

2 CHAIRPERSON BRANNAN: What's the Trust
3 contract with the servicer? What is the incentive of
4 the servicer to work with the Trust?

5 DEPUTY COMMISSIONER HILL: Yes, I can talk
6 to that. Thank you. The servicer gets paid on
7 collections. They start off as 1 percent on the base
8 portfolio, and it increases as the years go by so the
9 focus is on collecting initial, the most easier ones,
10 and they get a higher percentage towards the end when
11 it's more difficult to collect. They only get paid on
12 only collections so they're more apt to try to get
13 the liens resolved than not.

14 CHAIRPERSON BRANNAN: So how come the City
15 can't do the foreclosures itself?

16 COMMISSIONER NIBLACK: In a world of
17 unlimited resources and where I could hire all the
18 lawyers I wanted, yes, in theory, we could do it
19 ourselves.

20 CHAIRPERSON BRANNAN: I mean, would that
21 provide more flexibility to homeowners?

22 COMMISSIONER NIBLACK: I don't think that
23 it does. I mean, the process is overseen by the
24 courts. The whole foreclosure process is overseen by
25 the courts, and it's a very structured process. It's

2 designed to protect homeowners. There are a lot of
3 steps along the way and, as I said, the debt could be
4 resolved at any point right up until there's a sale
5 if it comes to that so I think the basic process is
6 laid out in State Law, and it's pretty much it's
7 going to be the same regardless of whether it's a
8 city lawyer or a contract lawyer who's working on it.

9 CHAIRPERSON BRANNAN: What happens to
10 tenants of rental properties that are foreclosed?

11 COMMISSIONER NIBLACK: In general,
12 properties that are in the lien sale that are rental
13 properties, their liens are sold or that are subject
14 to a foreclosure action, enjoy the same rights and
15 protections as tenants in any other building? I don't
16 know if Deputy Commissioner Darga would like to speak
17 to that.

18 DEPUTY COMMISSIONER DARGA: Sure. I would
19 just add that it really, to some degree, depends on
20 the underlying restrictions on the property so the
21 State did recently pass good cause evictions, so even
22 tenants that are not rent-stabilized tenants do have
23 some protections in the case that there was a change
24 of hands in terms of property ownership.

2 COMMISSIONER NIBLACK: I would add also,
3 as you mentioned in your opening, we have added some
4 vehicle here to heighten HPD's awareness of and
5 attention to properties that are showing sort of
6 signs of incipient distress because they've been
7 chronically delinquent. They've been on the prior
8 lien sale list twice out of the last four lists. They
9 have a debt-to-value ratio that exceeds 15 percent so
10 buildings that are starting to show that there may be
11 sort of a chronic problem, that list will be given to
12 HPD for them to look at the violations history and do
13 additional inspections of whatever enforcement seems
14 appropriate depending on the circumstances of that
15 building.

16 CHAIRPERSON BRANNAN: I just want to ask a
17 couple of things specific to the bill, and then I
18 want to turn it over to my Colleagues, and then I'll
19 come back.

20 With regard to the preservation track,
21 this section of the bill is based on language that
22 DOF proposed and your side did much of the drafting,
23 and we appreciate that, but I want to confirm your
24 interpretation of how this will work. You could walk
25 me through what the owner of the property gets and

2 how whatever they can be inherited by their heirs.
3 Are there any restrictions that you are aware of in
4 state law or federal law that would restrict the
5 ability of the old homeowner and now tenant to pass
6 along the lease and the equity note to the heir of
7 their choosing?

8 COMMISSIONER NIBLACK: Certainly. What the
9 owner gets is two things, really, of substance. One
10 is lifetime tenancy at a cost that they can afford.
11 Thing two that they get is an equity stake that is
12 reified in a note that is executed by the qualified
13 preservation purchaser to the tenant, which
14 guarantees that upon sale, including a sale that
15 might be initiated by the tenant, that they will be
16 able to realize gain from that sale.

17 And the second part of your question, I'm
18 sorry, concerned the heritability, right?

19 CHAIRPERSON BRANNAN: Yes.

20 COMMISSIONER NIBLACK: As far as we know,
21 I mean, this is all subject to state law, of course,
22 but as far as we are aware with our legal review
23 here, there should not be any impediment to
24 heritability of either the lease itself or the note.

2 CHAIRPERSON BRANNAN: On the circuit
3 breaker deferral, how many homeowners do you think
4 might be eligible for the circuit breaker deferral
5 program?

6 COMMISSIONER NIBLACK: That's a good
7 question and an unknown, honestly. I mean, I think we
8 are hoping to see an uptake overall in the PT AID as
9 we do more outreach. We think it's a really valuable
10 set of programs and payment plans that can be very
11 beneficial to homeowners. We want to make sure that
12 people who are taking advantage of the program are
13 doing so with full understanding of their options,
14 and we're really focused here on outreach so that we
15 can get people enrolled in these programs. I don't
16 really have any way of knowing exactly how many
17 people we would expect to see participate.

18 CHAIRPERSON BRANNAN: What will the
19 application process look like?

20 COMMISSIONER NIBLACK: The application
21 process will look like it currently does for our PT
22 AID programs. You can do it online, actually, or you
23 can come in to a business center and fill out an
24 application. It's a fairly straightforward
25 eligibility checklist with some fairly minimal

2 documentation of tax return for income, and then we
3 will review that and make a determination. It's a
4 fairly straightforward process.

5 CHAIRPERSON BRANNAN: You mentioned that
6 you've been working on a draft bill around tax
7 reform. Does it include a true circuit breaker tax
8 break that would be in position to replace this?

9 COMMISSIONER NIBLACK: Yes. The Advisory
10 Commission recommendations, you'll recall, included a
11 circuit breaker that was very similar to this,
12 except, of course, it actually waived the taxes, not
13 deferred them, but capped the amount that a taxpayer
14 would owe in property taxes based on their income and
15 a percentage of that. I actually think this is an
16 extremely important feature. Right now, the tax
17 burden on low- and moderate-income homeowners has
18 very little relief. People get very little relief.
19 The State circuit breaker is not very generous, so it
20 really doesn't provide that much benefit. I think
21 that this will be a very important part of property
22 tax reform. It will be a very important part also of
23 helping people stay in their homes and afford to stay
24 in their homes, and I think that alone would

2 dramatically reduce the number of people who we ever
3 had to consider for a lien sale.

4 CHAIRPERSON BRANNAN: Last question from
5 me is with regard to the retroactive SCHE and DHE.
6 Part of the deal is an agreement to go to Albany to
7 get state law around the Senior Citizen Homeowner or
8 Disabled Homeowner Exemption programs, which is SCHE
9 and DHE, which reduces the tax on these eligible
10 homeowners with incomes below 58,400 by up to 50
11 percent. Change would be to allow people who get
12 these tax breaks and were eligible in prior years to
13 get their benefits retroactively, so could you talk
14 about how you envision this retroactivity working,
15 and would there be limits?

16 COMMISSIONER NIBLACK: We really haven't
17 developed a specific proposal yet so I don't know
18 that we have a vision yet for exactly how this would
19 be implemented, but we totally support the goal, and
20 we are looking forward to working with you all on
21 crafting legislation that we can introduce next year.

22 CHAIRPERSON BRANNAN: Okay. We've also
23 been joined by Council Members Fariás, Louis, and
24 Powers.

2 We're now going to hand it over to
3 Council Member Nurse for her questions.

4 COUNCIL MEMBER NURSE: Thank you, Chair.
5 Thank you, Commissioner. You might have said this,
6 but I struggle sometimes with the acoustics in the
7 room so I'm sorry if I missed it. I wanted to talk
8 about the rentals and tenant outreach, and since we
9 have HPD here as well, I wanted to see if you could
10 put on record just a little bit more detail about how
11 you imagine coordinating and engaging tenants who are
12 living in buildings that most likely also have a high
13 set of housing violations in addition to being
14 potentially in financial distress.

15 COMMISSIONER NIBLACK: I'm sorry, you're
16 asking about, yes, the acoustics are troublesome.

17 COUNCIL MEMBER NURSE: What are you
18 saying?

19 COMMISSIONER NIBLACK: I said the
20 acoustics are indeed troublesome. You're asking about
21 outreach specifically to rental buildings?

22 COUNCIL MEMBER NURSE: Yes, for the
23 multifamily rentals. The outreach is primarily
24 designed to reach homeowners who have often been sort
25 of left behind in this process. We've had a model

2 where we hold outreach sessions, and we expect you to
3 find out about them and come to us. Now we're trying
4 to reverse that, and I thank you for really pushing
5 this with me personally and us towards a model where
6 we go find people and make sure that they are aware
7 of the lien sale and their options. We're also
8 developing this watchlist of buildings that indicate,
9 as I said, sort of the incipient signs of distress
10 that we'll provide to HPD, and then HPD will do their
11 own enforcement as appropriate to the circumstances
12 of that building.

13 COUNCIL MEMBER NURSE: Okay, HPD, could
14 you talk a little bit about how you all are
15 coordinating and the types of outreach and what
16 information you think would be relevant?

17 DEPUTY COMMISSIONER DARGA: As the
18 Commissioner mentioned, there's a couple different
19 types of outreach. There's outreach to the building
20 owners that have liens on the lien sale. HPD
21 separately does a variety of tenant support and has
22 ways in which tenants can reach out to us as well so,
23 certainly, we have ongoing enforcement work. We will
24 continue to do so. Tenants can always call 3-1-1 or
25 HPD if they're concerned about housing quality.

2 COUNCIL MEMBER NURSE: But under this new
3 framework, how will you all be coordinating and what
4 is the new type of outreach going to look like?

5 DEPUTY COMMISSIONER DARGA: Okay, so that
6 is mostly focused on the owners, right, so we are
7 allocating 2 million dollars. That 2 million dollars
8 will supplement the outreach and support that exists
9 through the Homeowner Helpdesk that we hope to launch
10 this summer and will align nicely with the Homeowner
11 Advocate. Thank you, Council Member Brooks-Powers,
12 for pushing that through, and so it will be
13 proactive, one-on-one outreach for owners in order to
14 help them address any issues, and that could include
15 counseling, legal assistance, technical assistance,
16 etc. We separately have proactive outreach we do to
17 some residents as well. We are actually hoping to
18 launch our Partners in Preservation Initiative this
19 summer, which will be a citywide initiative focused,
20 though, on four main geographies in New York City
21 where we've had higher incidences of eviction, tenant
22 harassment, housing quality issues.

23 COUNCIL MEMBER NURSE: Okay, so for the
24 multifamily buildings, you primarily will, and I'm
25 just restating for the record, so you'll mostly be

2 focused on the property owner, and maybe there might
3 be at your discretion some proactive outreach to
4 tenants.

5 DEPUTY COMMISSIONER DARGA: Yeah, so our
6 tenant outreach, there are, I'd say, four main ways
7 that we do it, right? There's the ongoing enforcement
8 work and ways that tenants can reach out to us
9 through that. The public engagement outside of HPD
10 also has the Tenant Support Unit and tenant helpline
11 that can help with housing quality issues or other
12 legal issues that they may be facing. We also
13 allocated additional funding last year to revitalize
14 Right to Counsel. There's 20 million that was
15 allocated for that. And, as I mentioned, the Partners
16 in Preservation Initiative.

17 COUNCIL MEMBER NURSE: Yeah, I think it
18 would be important to consider in these multifamily
19 buildings additional outreach to tenants as well,
20 particularly when you have a frequent visitor to the
21 lien sale, making sure that those tenants have that
22 information, can empower them in different ways
23 should they need to organize for different, more
24 drastic actions.

2 DEPUTY COMMISSIONER DARGA: Yeah, so one
3 thing I will note that this adds newly, the
4 Commissioner mentioned just a moment ago, the rental
5 watchlist so for properties that are repeatedly on
6 the lien sale list, two times in four years, plus
7 some additional characteristics, higher lien to
8 value, other issues that we're seeing, we are
9 intending to do more proactive inspection and
10 evaluation of those properties.

11 COMMISSIONER NIBLACK: And the bill also
12 includes a provision that requires HPD to provide
13 tenants in those buildings with information,
14 including their basic housing, tenant rights,
15 information that they've developed and other
16 resources that tenants can look to.

17 COUNCIL MEMBER NURSE: Thank you, Chair.

18 CHAIRPERSON BRANNAN: Council Member
19 Brewer.

20 COUNCIL MEMBER BREWER: Thank you very
21 much. I think I've asked this before. First of all,
22 congratulations, everybody. This is a big project.

23 The person who has either the rental or,
24 in my case, empty, vacant brownstones, not paying
25 their taxes, empty buildings, I assume somebody owned

2 them at one point, but they're pretty derelict so I
3 guess my goal would be to have it go to a non-profit.
4 Is that at all possible under any of these scenarios
5 where, I mean, I don't know if you forgive the taxes
6 if it goes to a non-profit. I'm trying to get some
7 affordable housing out of this big effort. I don't
8 know if there is any way, but I'm trying to find out.

9 COMMISSIONER NIBLACK: The primary focus
10 here of this bill is really on resolving people's
11 debt. Where you have buildings where essentially
12 somebody has walked away from and abandoned, the
13 appropriate vehicle for that is something like third-
14 party transfer, which I know there have been ongoing
15 discussions about between the Council and the
16 Administration. I can let Deputy Commissioner Darga
17 talk a little bit more about that.

18 COUNCIL MEMBER BREWER: We don't want to
19 end up in the same situation last time where you have
20 a third-party transfer that's as bad as the original
21 owner.

22 DEPUTY COMMISSIONER DARGA: Yeah, so two
23 things to note. I think for one- to four-family
24 properties, there is the preservation track so, if
25 it's occupied still, that is a unique new option that

2 exists, where the homeowner doesn't have to sell in
3 order to recoup any equity. That is, I think,
4 substantially different from how the lien sale has
5 operated in the past.

6 COUNCIL MEMBER BREWER: That would be an
7 abandoned property also?

8 DEPUTY COMMISSIONER DARGA: No, so if it's
9 abandoned, then in that case, I do think that's where
10 discussions about TPT need to come in. We are very
11 open and have had some discussions about reform of
12 that program, and so I think we would be happy to
13 engage with Council about that.

14 COUNCIL MEMBER BREWER: Would that be new
15 legislation? Would that be policy? How would that get
16 determined, regulations? What's the way to address
17 that?

18 DEPUTY COMMISSIONER DARGA: Yeah, so you
19 may recall or not, we paused TPT.

20 COUNCIL MEMBER BREWER: I recall
21 everything.

22 DEPUTY COMMISSIONER DARGA: I know. That's
23 why I said just in case or not. We paused TPT after
24 the last round, which was in 2019, and the program

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2 would require legislative changes, and so we are very
3 interested in working with City Council to do that.

4 COUNCIL MEMBER BREWER: Okay. The other
5 question I have is when you have this rental
6 agreement, which sounds interesting and certainly
7 something to consider, would it just be on the open
8 market, the person who would purchase it, with the
9 tenants and the heirs-to-be and so on and so forth?

10 DEPUTY COMMISSIONER DARGA: Definitely not
11 an open market. The idea in the preservation track is
12 if an owner, after substantial counseling and work
13 with legal services providers, decides that that's
14 the right path for them, the transfer after
15 foreclosure, because it would be basically a
16 voluntary process to go through that, would be to a
17 qualified preservation purchaser, which would be
18 qualified through a request through qualifications
19 with HPD, and our intent there is to work
20 particularly with some of the community land trusts
21 in New York City.

22 COUNCIL MEMBER BREWER: Okay. Thank you
23 very much.

24 CHAIRPERSON BRANNAN: Council Member
25 Sanchez.

2 COUNCIL MEMBER SANCHEZ: Thank you so
3 much, Council Member Chair Brannan, and good to see
4 everyone.

5 I first just want to shout out so many
6 people who work so hard, all of you, the team at
7 Finance, especially Emre, and, of course, Chair
8 Brannan, thank you so much, and I want to shout out
9 specifically the Tax Lien Sale Coalition and Paula
10 Segel from TakeRoot Justice, who I've been learning
11 from since finishing grad school. It's just
12 incredible what you all have been able to do to
13 incorporate such an enormous amount of feedback from
14 so many different places so two questions and a
15 comment.

16 Question one, if the authorization date
17 is through 2028, what is the incentive to implement
18 reforms proposed by the Tax Lien Task Force sooner
19 than that? Question two is following up to Council
20 Member Sandy Nurse, also a leader on the Tax Lien
21 Sale Coalition. You know, 80 percent of the units
22 that have been included in the last four lien sales
23 were occupied by tenants, not homeowners so, to me,
24 this gets us into the Venn diagram with TPT, but does
25 the Administration know, can you tell us how many New

2 York City properties with outstanding liens that
3 would qualify them for the lien sale in the current
4 proposed formulation do not have recorded physical
5 distress conditions, and how does the Administration
6 know that? And I'll close with my comment.

7 COMMISSIONER NIBLACK: So let me answer
8 the second question first. I don't know that we do
9 know it until we've actually done the analysis so
10 we're going to go through closer to the lien sale
11 date, although we can look at this now, but it will
12 obviously change, but we can get a sense, I think, of
13 how many buildings there are that meet the threshold
14 of debt-to-value and have been on two of the last
15 four lien sale lists, and HPD will look at that and
16 see violations so we can begin to get a sense, I
17 think, of sort of how large a universe of buildings
18 that is. I think we kind of did an initial look, and
19 we thought it was a few hundred buildings.

20 With respect to the task force, the task
21 force, first of all, has a timeline, and I think the
22 goal here was to have a task force that reviewed
23 certain aspects of the lien sale process and made
24 recommendations that could be acted on by this
25 Council if it required legislative action so I think

2 that will help keep our feet to the fire. None of us
3 wants to fail on this task force, and I think we look
4 forward to having a constructive conversation with
5 folks. We come to this with the same good faith that
6 we tried to bring to this legislative initiative, and
7 I think we really want to take a serious look at the
8 proposals that are on the table and the options and
9 come up with something that will work for everybody.
10 We can certainly come back and amend this law prior
11 to its expiration.

12 COUNCIL MEMBER SANCHEZ: What is the
13 timeline for the task force as written?

14 The task force, I believe, if I remember
15 correctly, the members are supposed to be appointed
16 by the end of August this year. We need to have our
17 first meeting sometime in September, and then I think
18 we have a midway point report and then a final report
19 in October, I believe, I'm looking at Council Member
20 Nurse, in October of next year.

21 COUNCIL MEMBER SANCHEZ: Of this year?

22 COMMISSIONER NIBLACK: Of 2025.

23 COUNCIL MEMBER SANCHEZ: 2025. Okay. Thank
24 you, and yeah, I...

2 COMMISSIONER NIBLACK: Sorry, I misspoke.
3 Final report in August of 2025.

4 COUNCIL MEMBER SANCHEZ: August of 2025,
5 okay. Okay, yeah, I mean, I would just highlight
6 that, and I think you're hearing it from Council
7 Member Nurse, from Council Member Brewer, and now
8 from me, that we're just wanting to make sure that we
9 capture with these strongest enforcement programs
10 that we have the tax lien successor, and hopefully
11 what will, knock on wood, be an incredible effort to
12 reform the third-party transfer program as well, that
13 we're not leaving any buildings in a gray area,
14 right, that they do not qualify for the tax lien sale
15 but they're not distressed enough for whatever the
16 case may be so I just look forward to continuing
17 those conversations, making sure that renters are
18 part of the equation, and yeah, making progress on
19 all of this. Thank you. Thank you all, and thank you,
20 Chair.

21 COMMISSIONER NIBLACK: Great. I think
22 we've taken a solid first step in that direction with
23 our watchlist here and more attention to buildings
24 that are in tenants but, yes, we certainly have a
25

2 ways to go to make sure that we can do that more
3 effectively and more holistically.

4 COUNCIL MEMBER SANCHEZ: Thank you.

5 CHAIRPERSON BRANNAN: Council Member
6 Williams.

7 COUNCIL MEMBER WILLIAMS: Thank you.

8 Hello. I just have some questions about vacant land.
9 I hear feedback. I don't know what that was. Okay.
10 This bill is ending the sale of lease. Oh, my God.
11 What is that? Okay. Better. Oh, my gosh. The mic gods
12 don't want me to speak. Whatever.

13 This bill is ending the sale of lease on
14 undeveloped vacant land in any future lien sale,
15 which has been a problem, and I've spoken to your
16 agency a few times about that. How much of the vacant
17 land and past lien sales would have fit this
18 category?

19 COMMISSIONER NIBLACK: Well, let's see.
20 I'm going to ask Deputy Commissioner Hill because I
21 think we've looked at vacant parcels that have been
22 sold.

23 DEPUTY COMMISSIONER HILL: 100 vacant lots
24 were sold.

2 COMMISSIONER NIBLACK: There were 100
3 vacant lots that had been sold. Two-thirds of them
4 were undevelopable for whatever reasons. Mostly, they
5 were landlocked or underwater. Landlocked meaning
6 they're inaccessible from the street, essentially.
7 Underwater meaning they're literally submerged. They
8 have tidal issues. They're too small. They're
9 brownfield, etc. so about two-thirds of those
10 properties were actually not developable.

11 COUNCIL MEMBER WILLIAMS: Thank you, And
12 what will happen to liens of this kind of vacant land
13 that was sold in a prior sale? Will the trusts that
14 hold them still pursue foreclosure, even though we
15 know it often results in bad outcomes?

16 COMMISSIONER NIBLACK: Well, again, a lot
17 of the properties that are in the 1998-2 trust,
18 unfortunately named Graveyard Trust, are there
19 because they had no value. No one was willing to buy
20 them at a foreclosure auction, and the owners were
21 not interested in paying because the property didn't
22 have any value to them so that's part of why they
23 were in the lien sale in the first place and why they
24 ended up in the Graveyard Trust. Again, that's
25 largely because a lot of them are basically

2 undevelopable. We're going to do a more in-depth
3 analysis of what's in the Graveyard Trust, but a lot
4 of it is, vacant properties that really have no
5 economic value and could not be developed for any
6 purpose really.

7 COUNCIL MEMBER WILLIAMS: And then, like,
8 more specifically, let's say one of these properties
9 was actually sold and now there is a problem, is
10 there any remediation that you are looking into?
11 Because when I've had conversations with your agency
12 and the Law Department and the Mayor's Office, the
13 response back was that this is a civil matter and it
14 needs to be adjudicated because rightfully so it was
15 sold in a legal lien sale.

16 COMMISSIONER NIBLACK: Right. I mean, I
17 think that that is true. Once it's sold and it's
18 really out of the City's hands and it's a civil
19 matter, I think that's why we have the provision in
20 the bill that prohibits the sale of vacant
21 undevelopable land so that it's not used for purposes
22 that are essentially just harassment or are
23 insalubrious in some way or another so it's really we
24 want to, again, avoid sort of the kinds of situations
25 that you're talking about by avoiding the sale of

2 vacant land and then doing a more in-depth review of
3 those properties.

4 COUNCIL MEMBER WILLIAMS: Okay. What do we
5 do about the debts on these properties now that they
6 can't go into the lien sale?

7 COMMISSIONER NIBLACK: I'm sorry. Say that
8 again.

9 COUNCIL MEMBER WILLIAMS: What do we do
10 about the debts of these properties now that they
11 can't go into the lien sale?

12 COMMISSIONER NIBLACK: A lot of the debt
13 is, frankly, very difficult to collect at this point
14 because owners have no particular, they don't have
15 any reason to pay because they don't have any
16 economic value so, for them, it's a losing
17 proposition and they will walk away, and it's very
18 easy to make ownership records kind of opaque and
19 difficult to really track down a person that you
20 could actually try and get money from so a lot of the
21 times, we're not going to be able to resolve debt on
22 some of these properties.

23 COUNCIL MEMBER WILLIAMS: Okay. I
24 understand that. I asked our internal wonderful team
25 who has been working on this question as well, but

2 I'll also ask you, what type of criteria will you
3 develop or do you currently have that would deem a
4 particular property undevelopable because I still
5 have two existing issues that are still unresolved,
6 and so hopefully there's something that we can still
7 do, even though I know it's kind of technically out
8 of the City's hand, but I just really want to make
9 sure that something like this never occurs again, and
10 so one plot of land is the end of a shared driveway
11 easement, which Queens was lots of farmland back in
12 the day and a whole bunch of other things and so I
13 get it, and then another parcel of land is a triangle
14 in the middle of a historic landmark community, and
15 both have lots of different issues with the current
16 property owners who purchased it from the lien sale.
17 It's just a mess, and so I would love to know if
18 those types of properties would be the types of
19 properties that would now be exempt so what will you
20 use to assess those types of properties?

21 COMMISSIONER NIBLACK: I'm going to ask
22 First Deputy Commissioner Shear to describe that a
23 little bit more, but I will only note that, yes,
24 Queens is rich with bizarre tax map issues.

2 DEPUTY COMMISSIONER SHEAR: Council
3 Member, one of the most important things we're
4 looking at is the size of the property so properties
5 generally under 1,700 square feet or where the length
6 or the width is under 17 feet as well as looking at
7 the zoning of the properties, but we're happy to look
8 at those two examples if you send them to us, and we
9 can let you know how they would be classified under
10 this bill.

11 COMMISSIONER NIBLACK: The bill also
12 provides that an agency designated by the Mayor, so I
13 will not designate HPD at this time, but when the
14 Mayor designates HPD, we'll review these properties
15 for using the criteria in the law, and also we can
16 kind of review if there are other things that you
17 think we should be taking into account to make sure
18 that we're doing a review of every property to make
19 sure that we're not selling properties that have any
20 development value.

21 COUNCIL MEMBER WILLIAMS: Yeah, I would
22 just add, in terms of the outreach piece, even like
23 reaching out to the neighbors, because the people on
24 the block, and now that block is also like a historic
25 block, so you have like historic houses that have

2 this weird issue, and so I think even if they would
3 have reached out to the people on the block to ask
4 them to like purchase the property, they probably
5 would have paid for it because it was really cheap
6 versus now getting extorted to use their driveway,
7 which is crazy, so I think that would be helpful too,
8 like where you do have like these slither lots or
9 other types of properties that are adjacent to a
10 building or different homes that may be also
11 outreaching to those neighbors and asking them if
12 they would be willing to purchase it from the sale or
13 would be interested, and I don't know, maybe it can
14 be gifted because the other plot of land, and I'm
15 going to shut up, I promise. The other plot of land
16 was primarily being managed by the local civics so
17 they planted flowers, they mowed the lawn, and now
18 they can't do that because someone put an RV on this
19 triangle and now the weeds are overgrown, and so I
20 think it would be helpful if like local stakeholders
21 also knew that this was happening to give them an
22 opportunity to like purchase or, in the case,
23 hopefully gifted land.

24 COMMISSIONER NIBLACK: Noted. I saw Deputy
25 Commissioner Darga taking notes, so I certainly, you

2 know, community outreach is a priority that's useful,
3 and, whenever you identify parcels like this, please
4 bring them to our attention.

5 COUNCIL MEMBER WILLIAMS: Thank you.

6 CHAIRPERSON BRANNAN: Council Member
7 Salaam.

8 COUNCIL MEMBER SALAAM: Good afternoon. In
9 my District, there are many co-ops which are left
10 unmaintained and unrepaired and, because of this,
11 many of the co-op shareholders have been living in
12 unlivable conditions for years and some more than a
13 decade. These unlivable conditions include having to
14 live with no AC, no heating, broken locks, and no
15 system of security. While the residents' maintenance
16 fees have increased, I'm afraid conditions as such do
17 not quite increase property value at the same level
18 of cost for the maintenance that has been increasing,
19 even though residents do not see any maintenance or
20 repairs being done on their property. On top of that,
21 they've had to pay property taxes for a property that
22 does not offer them livable conditions and security.
23 So to that, my question is, what are the programs, if
24 any, that will allow for property tax rebates or
25 credit for residents of co-ops or condos who aren't

2 being provided with maintenance and repair by the
3 management companies?

4 COMMISSIONER NIBLACK: There are no
5 programs like what you've just described per se.
6 Buildings that are neglected, the co-op corporation
7 can always bring to the Tax Commission, an appeal of
8 the value if they think the building has been
9 overvalued, so that's the primary route there for
10 addressing property tax valuations.

11 I'll let Commissioner Darga speak a
12 little bit to co-ops and how they deal with that.

13 DEPUTY COMMISSIONER DARGA: Just for
14 awareness, co-ops, multifamily co-ops also have to
15 comply with the Housing Maintenance Code so, if there
16 is a shareholder or a tenant that has concerns about
17 housing quality within the building, they absolutely
18 should call 3-1-1 so that HPD is aware there is a
19 concern and we can come out and inspect so that work
20 certainly is something we take seriously. I would
21 also note that for co-ops that are struggling, there
22 are some forms of financial assistance they may be
23 able to access through HPD. HDFC co-ops can take
24 advantage of a wide range of assistance from property
25 tax exemptions to low-cost loans. We also have a

2 training and technical assistance contract so if it's
3 a Housing Development Fund Corporation specifically,
4 there are absolutely resources in HPD.

5 The other thing I would just note is that
6 HDFC co-ops are not eligible for the lien sale.
7 They're excluded. Other cooperatives, they could take
8 advantage of J51, which hopefully New York City
9 Council will soon take up for authorization. That was
10 authorized by the State last year, and that would
11 help the co-op undertake repairs within the property
12 and could reduce their property tax burden.

13 COUNCIL MEMBER SALAAM: Thanks.

14 CHAIRPERSON BRANNAN: Okay. Council Member
15 Nurse, you're good?

16 Thank you all very much. I look forward
17 to working with you on this.

18 COMMISSIONER NIBLACK: Thank you, Mr.
19 Chair and Members, and we appreciate very much all
20 the work that everybody here has put in and your
21 input to this bill.

22 Okay, we're now going to open the hearing
23 for public testimony. I want to remind the public
24 that this is a government proceeding and that decorum
25 shall be observed at all times, even for Council

2 Member Brewer. As such, Members of the public shall
3 remain silent at all times.

4 The witness table is reserved for people
5 who wish to testify. No video recording or
6 photography is allowed from the witness table.

7 Furthermore, members of the public may not present
8 audio or video recordings as testimony, but may
9 submit transcripts of such recordings to the
10 Sergeant-at-Arms for inclusion in the hearing record.

11 If you wish to speak at today's hearing,
12 please fill out an appearance card with the Sergeant-
13 at-Arms and wait to be recognized. Once you're
14 recognized, you will have two minutes to speak on
15 today's hearing topic, Pre-Considered Intro T-2024-
16 2164.

17 If you have a written statement or
18 additional written testimony you wish to submit for
19 the record, please provide a copy of that testimony
20 to the Sergeant-at-Arms. You may also email written
21 testimony to testimony@council.nyc.gov within 72
22 hours of this hearing. Audio and video recordings
23 will not be accepted.

24

25

2 We're now going to have the first panel,
3 Paula Segal from TakeRoot Justice and Will Spisak
4 from the New Economy Project.

5 Will, you want to start? Will, just say
6 your name and you can begin.

7 Paula's going to go first.

8 PAULA SEGAL: You called me first, so I
9 guess I'll go first. Thank you all for staying. Thank
10 you so much to the Staff for all the work you've all
11 done. My testimony is short and sweet, but I think
12 the points in it are really crucial, and I thank the
13 Council Members for raising some of them already. I
14 think we're all having one conversation, which is a
15 huge relief, and there's a lot in here for
16 vulnerable, low-income homeowners, which is also a
17 huge relief. There are still some pieces that seem to
18 have been left on the cutting room floor, and I
19 really want to make sure that we get this right while
20 we have everybody's attention, right, before we shift
21 our attention to other programs that this Council
22 also needs to really work on, and this is the time to
23 get this right.

24 The first piece, I think a couple of
25 Members already alluded to this, but tenants are kind

2 of being left out. We heard from the Commissioner
3 that there will be some outreach to tenants, but it's
4 actually in a rarefied set of buildings that that
5 outreach will happen. It's only the buildings where
6 the lien-to-value ratio is 15 percent and they've
7 already been in two lien sales. That is such a small
8 set. More than 80 percent of the units that have
9 actually been cycling through the lien sale are
10 tenant-occupied, they're not owner-occupied, and
11 those folks need to know if their landlord is taking
12 their rent and then not paying their bills to the
13 City. They might be able to call in HPD to do an
14 inspection. They might be able to actually influence
15 the situation, and we really need the partnership of
16 those tenants. There's also a little bit of walking
17 around tenants in Tax Class 1 properties. They're
18 actually left out of the set of buildings that HPD is
19 going to inspect mandatorily. There are lots of
20 tenants in Tax Class one properties.

21 May I continue? There are lots of
22 tenants in the city that are in Tax Class 1
23 properties. The word I heard in conversations with
24 staff was they don't want to induce the awkwardness
25 of having HPD show up at somebody's house if they

2 live there. That doesn't sound like a good reason to
3 leave tenants in one- to three-unit buildings out of
4 inspections. Really excited that this is step one and
5 to hear from the Administration that they're seeing
6 this as step one and that they're seeing the task
7 force as step two. Limiting the authorization to
8 three years or even shorter would give that task
9 force real teeth. We worked really hard to time the
10 task force with this Council so you all could work on
11 their proposals and legislate them before you're all
12 gone, before there's a whole new everybody everywhere
13 and, giving the Administration five years of runway,
14 4.5 years of runway for authorization, that really
15 works against that idea.

16 Just a couple of other key things. We
17 heard from the Administration that they do some
18 sorting out of, oh, we've got some problem
19 properties, we're going to put them somewhere else.
20 We also know that they get some advice about when
21 they do that. We need a little bit more transparency
22 than the bill calls for in terms of finding out who
23 actually makes those decisions, but we also want the
24 City to keep control of the problem properties. Some
25 of them Council Member Williams described in her

2 District. Because they're a problem does not mean
3 pass them off to Bank of New York, Mellon, and the
4 private servicers and the private attorneys that that
5 bank hires. Actually, because they're a problem the
6 City should be keeping them. The City shouldn't be
7 transferring any more properties into the Graveyard
8 Trust. We're really grateful for the budget side of
9 this conversation. I'm not going to read the end of
10 my testimony. It's all there. I think it's great to
11 see the estate planning and to be starting to design
12 a tangled title program for New York City. Thank you
13 so much.

14 CHAIRPERSON BRANNAN: Thank you.

15 WILL SPISAK: Good afternoon, Chair
16 Brannan and Council Members. My name is Will Spisak.
17 I'm a Senior Program Associate at New Economy
18 Project. Among our work, we help to coordinate the
19 New York City Community Land Initiative which is a
20 coalition of CLTs, and we are a member of the Abolish
21 the Tax Lien Sale Coalition. I'm not going to read my
22 entire testimony which I will be submitting as
23 written testimony, but just to mention we are very
24 excited about a lot of the progress that this bill
25 promises, particularly opportunities to divert

2 distressed homeowners from the tax lien sale and
3 create opportunities to keep people in their homes.

4 But just to echo Paula's testimony and
5 some of the things that we would love to see the
6 Council continue to fight for and push for. One,
7 certainly limiting any reauthorization of the lien
8 sale to three years maximum is really important. It's
9 our leverage to make sure that the Administration
10 actually follows through with its promises and
11 administers the recommendations of the task force.

12 We would love to see an affirmative
13 review of the Graveyard Trust. We want all those
14 properties to essentially run through the new screens
15 that this bill would produce so we know what's really
16 going on. There's tons of properties that we have no
17 idea what's happening with them so we'd love for that
18 to be resolved.

19 Third, HPD inspections for Tax Class One
20 rentals. This was actually something that we heard
21 would be included in the bill and was very
22 disappointed to see it wasn't. Yes, most Tax Class
23 One homes are owner-occupied in the city, but that's
24 not true of the tax lien sale list which are mostly
25 rental occupied so we think it's really important

2 that they be included in HPD inspections and there be
3 a TPT-like program to administer the transfer of
4 those properties to CLTs or other non-profit owners.

5 Then lastly, just to mention, this bill
6 takes some really major strides to improving... May I
7 finish? Takes some really important strides to
8 improving the tax collection system in New York City,
9 but the success of a new equitable tax collection
10 process will really depend on the passage of some
11 other legislation. Namely, most importantly, third
12 party transfer so the Council must act to introduce
13 and pass a new TPT bill that will create a viable
14 program for neglected multifamily buildings to be
15 rehabilitated in our community ownership. From a
16 process standpoint, this bill should have been
17 prioritized over the new lien sale bill. Now the
18 Council has to kind of backpedal and work to duct
19 tape the new TPT program into this new lien sale
20 process. We thank Council Member Sanchez for working
21 diligently to get that bill ready to get introduced,
22 and we hope that the Council acts expeditiously to
23 get that bill passed.

24 The second thing I want to mention is the
25 proposed task force will explore options for an

2 alternative entity to enforce the City's debts. We
3 know one promising option is to create a New York
4 City Land Bank, and Council Member Brewer has
5 introduced a bill that would do just that so we want
6 to call on the Housing and Buildings Committee to
7 hold a hearing on Intro. 570 as soon as possible, and
8 we've already submitted our suggestions to the
9 sponsor for how to strengthen the bill, and we hope
10 the Administration will not actively try to block
11 progress on that bill because the Land Bank could act
12 as a third-party entity to hold those liens and work
13 with CLTs and community development corporations,
14 other partners to preserve affordable housing, keep
15 people in their homes, and put neglected properties
16 into community ownership so we hope that all these
17 adjacent legislative initiatives will take place
18 expeditiously after this. Thank you so much.

19 CHAIRPERSON BRANNAN: Okay. Thank you all
20 very much. It was great to work with you through
21 this process, and it's certainly not over, but we
22 appreciate your partnership. Thank you.

23 Okay. Now we have some folks testifying
24 on Zoom. We're going to start with Christie Peale.

25 SERGEANT-AT-ARMS: You may begin.

2 KEVIN WOLFE: Good afternoon, all. My name
3 is Kevin Wolfe. I'm actually standing in for Christie
4 Peale. She was not able to make it at this time.

5 I did want to thank the Chair as well as
6 thank the Speaker and the Members of the Finance
7 Committee and the City Council for your leadership on
8 this very important issue, and I did also want to
9 just say that generally we agree that there's been a
10 lot of important reforms that are in the tax lien
11 sale reauthorization here, and it's been great to
12 work with the Council and the Staff on this important
13 issue.

14 We do have five different points that we
15 wanted to highlight so, overall, obviously the
16 reauthorization of the tax lien sale, we still
17 believe, just as a rule, is a harmful blow to our
18 small homeowners, particularly our black and brown
19 homeowners and low- to moderate-income homeowners.
20 The Tax Class One properties, which cover one- to
21 three-family units, won't be exempted. That's
22 something that the Coalition for Affordable Homes did
23 recommend, and we do think that that does put a
24 displacement pressure on those homeowners. In
25 addition, continuing to publish the list will draw

2 the attention of bad actors and does generate scams
3 and increases the displacement. The other point is
4 that with our Tax Class One properties, these
5 properties are 42 percent of the properties on the
6 sale, but they're only 21 percent of the total sort
7 of outstanding lien sale debt to the City, and so
8 there's a disproportionate effect where our Tax Class
9 One properties and we wanted to draw attention to
10 that. Again, historically, the Council has had a
11 leadership role in preserving homeownership, and we
12 think that that's it's been very important with the
13 reforms, and there's been a lot of positive.

14 SERGEANT-AT-ARMS: Your time is expired.
15 Thank you.

16 CHAIRPERSON BRANNAN: You have 10, 20
17 seconds. Go ahead and just finish up.

18 KEVIN WOLFE: With the reforms, they are
19 very important reforms, but one of our key points is
20 that the implementation is critical and so, Chair
21 Brannan, we're very happy to see that you just
22 reiterated the commitment to the 2 million dollars
23 for outreach. If we don't have that implementation
24 and support from the non-profits around the city,
25 then a lot of these will not be able to help our

2 homeowners, and so I did want to just put that in. If
3 I can just make one last point, because we're on the
4 eve of Juneteenth, I did want to make one last point.
5 We see that our black homeowners, they're five times
6 more likely to be on the lien sale than white
7 homeowners and they're concentrated in a lot of the
8 districts that I know this Committee represents in
9 Southeast Queens, Nantasha Williams here, Central
10 Brooklyn, and the North Bronx. We want to make sure
11 that in implementing this system, we're not causing
12 displacement of our black homeowners in particular
13 and that we're making sure that the resources and the
14 legal services and financial services are there to
15 protect those homeowners, and so we want to continue
16 to partner with the Council on this critical issue
17 and thank you again for allowing us the opportunity
18 to speak here.

19 CHAIRPERSON BRANNAN: Thank you. Now we
20 have Jakob Kendall Schneider.

21 SERGEANT-AT-ARMS: You may begin.

22 JAKOB KENDALL SCHNEIDER: Thank you. I
23 just want to start off and just thank everyone that
24 has worked on this. It's been a lot of work. The
25 Council Members, Staff, and the Departments have put

2 a lot into this, and that's all great. I guess I
3 didn't say this earlier. I'm Jakob Kendall Schneider,
4 and I'm on the Board of the East New York Community
5 Land Trust. While the bill offers promising
6 protections for indebted low-income homeowners, and
7 this is something we've been working on, advocates
8 and community members for years, as Commissioner
9 Niblack said, it's a good first step, right, and so
10 we hope that these measures will keep people in their
11 homes, and we also appreciate the efforts that have
12 been taken to assist tenants. While all of this is
13 important, we hope that there are opportunities to
14 improve the bill before a full Council vote, and so
15 the first thing is that we think more can be done to
16 address the issues that tenants experience and so,
17 given that renter households are the vast majority of
18 residential properties or people impacted by the lien
19 sale, we suggest that the Commissioner of Finance
20 notify tenants of all lien-sale-eligible buildings
21 that their landlord is in arrear. Tenants, including
22 those living in Tax Class One properties, should be
23 provided with information on how to contact HPD for
24 building inspections and other support that can
25 assist them when a landlord receives a 90-day notice.

2 Second, and this is a huge thing for us,
3 the reauthorization period should be no longer than
4 three years.

5 SERGEANT-AT-ARMS: Your time is expired.
6 Thank you.

7 JAKOB KENDALL SCHNEIDER: A shorter
8 reauthorization period, rather than the four and a
9 half proposed in the bill, would increase the
10 likelihood that the recommendations of the task force
11 will not receive the consideration they are due.
12 Three years, there's some fire there.

13 Third, we're encouraged by the
14 transparency provisions in the bill. These will begin
15 to open kind of the black box.

16 SERGEANT-AT-ARMS: Your time has expired.
17 Thank you.

18 JAKOB KENDALL SCHNEIDER: Can I, like, 20
19 seconds?

20 CHAIRPERSON BRANNAN: Yep.

21 JAKOB KENDALL SCHNEIDER: That the Trust
22 system will allow the public to better understand how
23 it works and how alternatives could be formed, but we
24 know that some entities that advise Finance have been
25 left out, and so we think that all entities working

2 on what liens go in and where they go, those
3 documents should be made public. Finally, no lien
4 should be placed in the 1998-2 Trust. People live,
5 are neighbors and tenants in these properties, right,
6 and so the City should use what mechanisms they have
7 to rectify the problems these properties are
8 experiencing, rather than transferring them to a
9 privately managed trust and thank you very much.

10 CHAIRPERSON BRANNAN: Thank you, Jakob.
11 Now we have Joan Erskine.

12 SERGEANT-AT-ARMS: You may begin.

13 JOAN ERSKINE: Hi. I'm Joan Erskine. I
14 represent Brooklyn Level Up. First of all, thank you
15 all for hearing the community advocates on this
16 matter to the extent that you have. You've worked
17 hard and incorporated so many of the initiatives to
18 protect one- to three-family homeowners that
19 community advocates have urged. Good work. These
20 policies will shrink the number of properties on the
21 tax lien sale to start with, and that is a good
22 thing. Excellent.

23 However, the bill as proposed falls short
24 in two significant ways. The bill does not adequately
25 protect tenants whose landlords don't pay property

2 taxes, the very people whose homes are at risk in the
3 case of foreclosure and, interestingly, the people
4 actually living in the majority of the properties
5 listed on the last four tax lien sales. Although the
6 bill as it now mandates outreach to certain tenants
7 in certain situations, it does not mandate enough.
8 There are many more tenants, those in Tax Class One
9 properties for example, who need the City's attention
10 and options to preserve their homes. At the very
11 least, the City should notify those tenants of their
12 landlord's delinquency and help them hold those
13 landlords responsible for housing violations should
14 there be any and actually take ownership of the
15 property when appropriate but, more importantly, the
16 Tax Lien Trust is itself a poor way to deal with the
17 delinquent taxes. By transferring the liens to the
18 Trust, the City, one, fosters mysterious collection
19 of properties in the 1998-2 Graveyard Trust, very
20 aptly named Graveyard Trust, an opaque instrument
21 from which the servicers and apparently no one else
22 seems to be profiting. That bill seriously needs to
23 be lifted and, two, it abdicates its responsibility
24 to collect taxes, ultimately sacrificing revenue to
25 the Trust itself as the liens are sold at a discount

2 and burdening property owners whose liens are sold
3 with higher interest rates and fees but, more
4 importantly, the City loses any leverage..

5 SERGEANT-AT-ARMS: Your time is expired.
6 Thank you.

7 CHAIRPERSON BRANNAN: Go ahead. Finish up.

8 JOAN ERSKINE: But, more importantly, the
9 City loses any leverage it has to move delinquent
10 properties back into productive use to the benefit of
11 city dwellers rather than real estate speculators.
12 The City could use the leverage of the liens to
13 transfer the properties to community-based
14 organizations and community land trusts that will
15 develop the property into community assets in the
16 form of truly and permanently affordable housing
17 and/or parks, green spaces, or other community
18 assets. Finally, I recommend that the tax lien sale
19 be authorized for only a maximum of three years in
20 order that the recommendations of the task force be
21 timely implemented. Thank you.

22 CHAIRPERSON BRANNAN: Thank you, Joan.

23 Okay, with that, this hearing is
24 adjourned. Thank you very much, Colleagues. [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 7/15/2024