

LEGAL SERVICES NYC | BROOKLYN

May 2, 2025

Legal Services NYC submits the enclosed comments in response to the Tax Lien Task Force's (the "Task Force") publication of Preliminary Recommendations and its solicitation of public comment on those recommendations as required pursuant to Local Law 82 of 2024.

Legal Services NYC ("LSNYC") is the nation's largest provider of free civil legal services to the poor in the country, with offices in the Bronx, Brooklyn, Manhattan, Queens, and Staten Island. For more than 50 years, LSNYC has provided expert legal assistance and advocacy to low-income residents of New York City. Each year, LSNYC's neighborhood offices across New York City serve tens of thousands of New Yorkers, including homeowners, tenants, consumers of financial products, the disabled, immigrants, the elderly, and children. Our organization works to reduce poverty by challenging systemic injustice and racism and by helping clients meet basic needs for housing, access to high-quality education, health care, family stability, and income and economic security.

LSNYC is also the oldest and largest provider of foreclosure prevention and other legal services to distressed homeowners in New York City. LSNYC's advocates represent distressed homeowners and victims of predatory and discriminatory lending in neighborhoods decimated by foreclosures across the boroughs. LSNYC represents clients pursuing affirmative litigation challenging predatory and discriminatory lending, abusive mortgage servicing practices, deed theft, partition and property flipping scams, and it provides representation to homeowners defending against foreclosure—including tax lien foreclosures brought by the NYCTL Trusts—in court. LSNYC advocates represent homeowners at foreclosure mandatory settlement conferences under New York foreclosure law and provide limited-scope assistance to unrepresented homeowners.

LSNYC's homeowner advocates regularly assist homeowners who are having difficulties with their property taxes and sewer/water charges, including difficulties obtaining exemptions and abatements, homeowners who are wrongfully included in the annual tax lien sale, and heirs inheriting property who often have difficulty receiving assistance from the Department of Finance or Department of Environmental Protection service centers. We regularly encounter homeowners whose property tax liens have been sold and who are now grappling with the excessive fees and aggressive collection tactics of the NYCTL entities who hold the right to foreclose and force the sale of homes.

Demand Justice.

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Because of our vast experience, LSNYC advocates have been frequently solicited to provide comments and testimony on proposed policies and legislation, particularly as it relates to New York City's annual tax lien sale and its deleterious effects on affordable homeownership and neighborhood diversity and stability. LSNYC advocates have participated in numerous taskforces, working groups, and committees with Department of Finance, New York City Council, and other city officials and community stakeholders. These myriad collaborative efforts were tasked to pursue greater fairness and equity in the administration of state and local property tax and lien sale laws and regulations—including exemptions for veteran, disabled, low-income and senior citizen homeowners; Local Law 147 of 2013 which created the “other eligible person” category to grant heirs of decedent homeowners the ability to enter into installment agreements to save their homes; the Property Tax and Interest Deferral (PTAID) program; and most recently, the lien sale exemptions for homeowners who are actively litigating deed theft and deed fraud crimes against them, as well as homeowners facing hardship due to the global pandemic caused by the novel coronavirus COVID-19.

Grounded in our extensive expertise in the functioning of the property tax and lien sale laws and regulations and their practical effects on homeownership in New York City, as well as our experience collaborating with the Department of Finance for greater fairness in the administration of property tax and lien sale laws, we call attention to the following:

1. The Tax Lien Task Force may consider broader recommendations to promote homeownership and affordable housing.

The Tax Lien Task Force¹ Preliminary Recommendations published and provided for public comment concern only a very limited scope of the charge issued in Local Law 82. Local Law 82 provided four main areas of inquiry for the Tax Lien Task Force; the Preliminary Recommendations are responsive to only one: potential reforms of the NYCTL Trust practices. Thus, the Tax Lien Task Force has failed to consider these areas of inquiry charged to it: (1) the effects of the NYCTL trust structure on New York City residents; (2) alternatives to the trust structure; and (3) other subjects deemed relevant by the task force. These gaps are glaring, as reports have regularly revealed the deleterious impacts of the lien sale and its trust structure on homeowners, particularly homeowners of color and those who are disabled, elderly, and low income.² An exploration consistent with the broad mandate set forth in the local law would include consideration of alternative structures, including collection methods employed in other large municipalities that do not use a similar Wall Street trust structure.

¹ The Tax Lien Task Force does not include any impacted homeowners, nor any providers who work regularly with homeowners impacted by the tax lien sale. The Tax Lien Task Force recommendations would be strengthened by including in its regular meetings individuals in both of these categories.

² See “Unfair Deals: The Truth About NYC Tax Lien Sales,” Coalition for Affordable Homes; “Compounding Debt: Race, Affordability, and NYC’s Tax Lien Sale,” Coalition for Affordable Homes. See also Appendix 1, Map of 90 Day Lien Sale List.

Consistent with the broad mandate not yet explored in the Preliminary Recommendations already published, the Tax Lien Task Force may consider making the following recommendations:

- Ending the tax lien sale program and proceeding with systems of municipal tax and water collection that are established by state and local law.
 - Removing small homes from the lien sale program.
 - Ending publication of the lien sale list, which provides a roadmap for scammers.³
 - Moving the benefits-processing from the Department of Finance and the Department of Environmental Protection, which staff are trained in debt collections, to another city agency with staff trained in benefits administration and income-based programs, such as the Department of Human Resources Administration (“HRA”).⁴
 - Implementing repayment and benefits options for water and sewer debts that are grounded in affordability.
- 2. The Tax Lien Task Force may address the crisis in affordability and lack of options for water and sewer charges in New York City.**

More than half of at-risk tax class 1 properties on the City’s 90-day lien sale list were listed for water debt only, and the same remains true of homes on the 30-day list. Of the nearly 11,000 tax class 1 homes that remain at risk for the tax lien sale as of the 30-day list, 52% of those remaining are listed only for overdue water and sewer charges.

Over the past decade, the Department of Finance, in cooperation with the City Council, has developed a number of programs for low-income homeowners, in particular for those who are elderly or disabled. These programs include tax exemptions and a circuit breaker to lower tax obligations and PTAID to lower payments while permitting tax liens to accrue on homes with substantial equity. Unfortunately, these programs are not available to low-income homeowners who owe water and sewer charges. The most favorable repayment program provided to homeowners by the Department of Environmental Protection requires equal payments over 120 months and does not consider a homeowner’s ability to make such payments. With such limited terms, homeowners who would like to enter into a payment plan are prevented from doing so, and the City cannot enter into regular collections status with these homeowners. Others may enter into an unaffordable plan to be removed from the lien sale list, but will fall behind and be prevented from further relief by Department of Environmental Protection rules preventing successive payment agreements following default.

³ At an April 30, 2025 hearing, a member of the Tax Lien Task Force asked about data confirming that publication of the lien sale list leads to scammer solicitations. BLS has spoken with dozens of homeowners who first received solicitations from scammers after they were listed on the lien sale list. In addition, in a deposition conducted by BLS, a partition scammer confirmed that he uses the lien sale list to develop a target list for his services.

⁴ Property tax arrears for tax class 1 properties may be resolvable through a “One Shot Deal.” This program is administered by HRA. The coordination of all benefits at HRA could therefore facilitate communication and the resolution of property tax debts.

Recommendations of the Tax Lien Task Force in this area may include developing affordability options for low income homeowners who have water and sewer arrears, similar to the options available for property tax arrears.

3. The Tax Lien Task Force may consider significant improvements to “Easy Exit,” mandated by Local Law 82 of 2024, which is hampered by poor implementation and constrained view of its application.

The purpose of the City’s new “Exit Program” is to provide property owners “a valuable opportunity to resolve their tax issues without immediately being put on the lien sale, offering them a lifeline during acute financial difficulties.”⁵ Unfortunately, this off-ramp is not working as planned. New York City homeowners have difficulty resolving tax and water liens for many reasons. For some, they may have placed their home in trust or in a corporate structure, often because they were targeted with a scam. Other homeowners are targeted with deed and equity theft and may share title with an LLC or be removed from title entirely. Still other homeowners need assistance navigating probate or estate administration. These are all common presentations that may require years of complex legal representation to resolve. These are exactly the homeowners who need to take advantage of Easy Exit.

Instead, the Department of Finance has issued regulations that are overly constrained. For no clear reason, the Department of Finance has barred homeowners with a variety of ownership structures from the program, including homeowners with homes in trust,⁶ homeowners with homes in corporate structure, homeowners who share ownership with an LLC or have lost their homes to deed theft, homeowners who share disparate ownership with other heirs, and homeowners who have not completed the estates process. The Department of Finance has also limited eligibility by calculating income including all legal owners, no matter how disparate the ownership structure of the home, including all resident spouses. This serves to artificially limit the reach of the program.

Some homeowners in these circumstances have been able to get relief from the lien sale, but only by using specific email addresses established by the Department of Finance created for each individual problem (*e.g.*, deedtheft@finance.nyc.gov) or with applications that are specific to individual problems (*e.g.*, probate removal application). These specific email addresses are not listed on the lien sale website and have been shared with advocates only on an ad hoc basis. In addition, emails to these websites sometimes result in automated responses that provide no helpful information and do not advance relief in the particular case. These defects in implementation mean that many impacted homeowners will not be able to take advantage of relief. Moreover, the vast majority of homeowners who have dealt with Department of Finance

⁵ “New York City Was Ghoulish On Collecting Property Tax Debt. These Council Members Are Changing That,” Next City, Oct. 3, 2024.

⁶ While the Department of Finance announced that, as of today’s date, May 2, homeowners with homes in trust will now be considered for Easy Exit, the new guidelines inexplicably limit the benefit to trust structures where all beneficiaries reside in the home.

and Department of Environmental Protection staff say that they were never informed about Easy Exit and were instead guided directly into payment plans. All of these circumstances may be one reason that the Department of Finance reports such a low application rate for the Easy Exit. Department of Finance staff have reported fewer than 200 Easy Exit applications, in the context of over 15,000 homeowners on the 90 day lien sale list. The Department of Finance has conveyed that they do not refer all homeowners who have applied to Easy Exit to an advocate.

Recommendations of the Tax Lien Task Force in this area may include regularizing implementation, training staff to present all options to homeowners, ensuring that homeowners are referred to advocates, ensuring that Department of Finance includes a list of New York State Homeownership Preservation Program advocates in all notice letters, ensuring that Easy Exit is available to homeowners regardless of ownership structure, ensuring that the owner who is present may be considered for this relief regardless of their ability to reach other owners, and moving implementation of this benefits program from the Department of Finance and Department of Environmental Protection to the Department of Human Resources Administration.

4. The Tax Lien Task Force may rectify the fact that homeowners experiencing deed theft, scams, title issues, and deaths in the family cannot access benefits.

Just as homeowners have difficulty accessing Easy Exit, homeowners with non-conventional ownership presentation have difficulty accessing benefits—such as tax exemptions, PTAID and payment plans—that will give them more permanent relief and allow them to enter affordable payment status. Homeowners who are dealing with intestacy and probate, who have homes in trust, who have a partial or total corporate ownership structure, and heirs with partial interests all have difficulty navigating the Department of Finance and Department of Environmental Protection, even when they wish to enter affordable payment status. For example, Department of Finance has still not fully implemented Local Law 147 of 2013, which created the “other eligible person”—an heir entitled to enter into an installment agreement on the same terms as a homeowner, nor the PTAID program, both of which have experienced shockingly low levels of participation. BLS regularly intervenes for homeowners who have been misdirected from processing as an “other eligible person,” and we were informed that levels of enrollment in PTAID were only in the hundreds.⁷

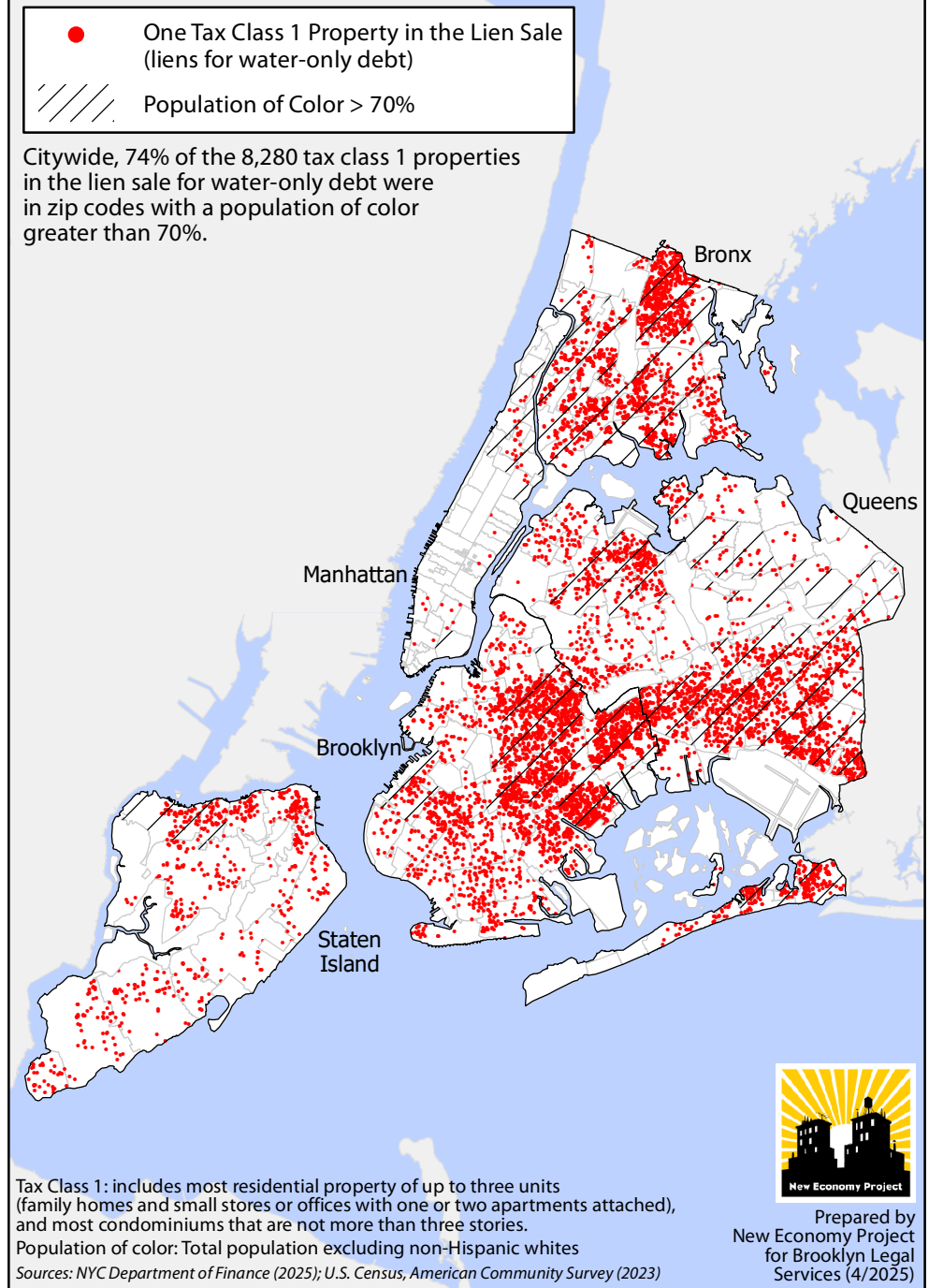
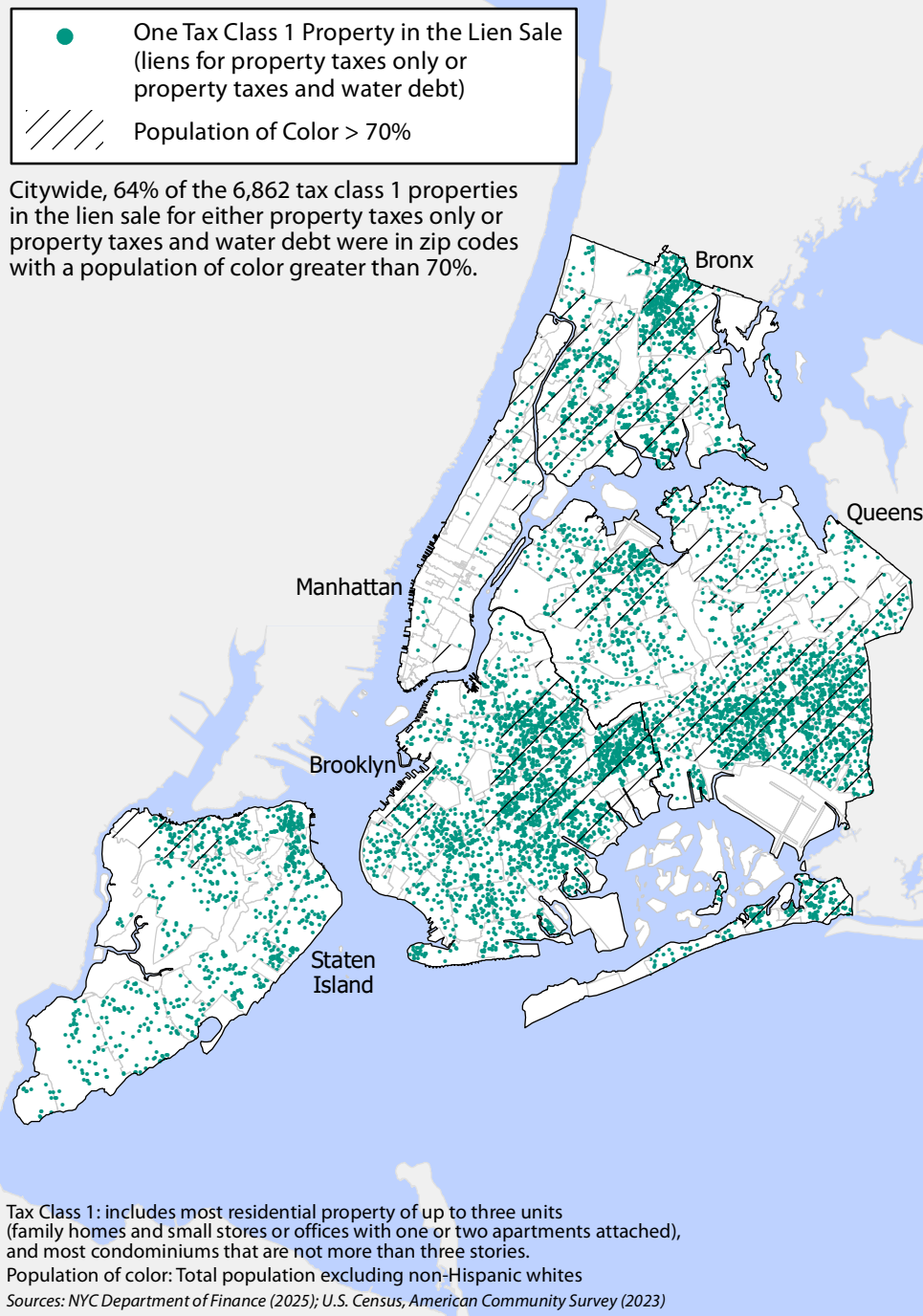
Recommendations of the Tax Lien Task Force in this area may include that all benefits and application processes are reviewed and regularized, and moving implementation of this benefits program from the Department of Finance and Department of Environmental Protection to the Department of Human Resources Administration.

Thank you for your attention to these comments. For more information, please contact Rachel Geballe at rgeballe@lsync.org or (718) 237-5573.

⁷ LSNYC does not have updated figures on PTAID enrollment; these are statistics that the Tax Lien Task Force could request from the Department of Finance.

Appendix 1

Tax Class 1 Properties on the 90-Day Lien Sale Risk List New York City, 2025



Prepared by
New Economy Project
for Brooklyn Legal
Services (4/2025)



Testimony Before the New York City Council Committee on Housing and Buildings and the Temporary Tax Lien Sale Task Force, Preliminary Recommendations

April 30, 2025

Good afternoon. My name is Kevin Wolfe, and I am the Deputy Director of Policy and Advocacy at the Center for NYC Neighborhoods, Inc. (the Center). I would like to thank Task Force Chair Sandy Nurse and members of the New York City Council and their staff for holding today's important hearing on the Preliminary Recommendations, as well as your engagement with our organization on proposals to protect homeowners with municipal debt.

The members of the New York City Council have been strong champions of the Center's mission: promoting and protecting affordable homeownership so that middle- and working class families can live in strong, thriving communities. We greatly appreciate your support for homeowner services in the City budget, and for continuing to support homeowners and their tenants during these times of economic hardship and neighborhood change. We know that you face many difficult choices, and we look forward to continuing to partner with the City Council and the Adams administration on ensuring that homeowners can stay in their homes.

Today, we offer testimony to recognize the important homeowner protections the Council has advanced through Local Law 82, to highlight ongoing concerns about the reauthorization of the tax lien sale, and to recommend additional measures that will ensure small homeowners — particularly from historically marginalized communities — are not displaced. We appreciate the Council's leadership and look forward to collaborating to strengthen these reforms.

About the Center for NYC Neighborhoods

Established by public and private partners, the Center meets the diverse needs of homeowners throughout New York State by offering free, high-quality housing services. Since the Center's founding in 2008, our network has assisted over 200,000 homeowners. We have also provided more than \$60 million in funding to community-based partners. Major funding sources for this work include the City Council, the Department of Housing Preservation and Development (HPD), along with other public and private funders. The Center manages the HomeFix Program, in partnership with HPD, which provides a comprehensive approach to addressing homeowner repair needs and technical assistance, including access to affordable low- or no-interest and potentially forgivable loans, scoping of repair work, and construction management. Through the Center's wholly owned subsidiary and community development financial institution (CDFI), Sustainable Neighborhoods LLC (SN), the Center also develops innovative, affordable lending products tailored to fit the needs of BIPOC, low- and moderate-income (LMI) borrowers.

What we're seeing at the current tax lien sale

- As of April 17, 2025, there were 8,002 Tax Class 1 and 2 properties on the lien sale list with water-only debt (44 percent) and 1,870 HPD Repair Debt (10 percent). In total, there are 17,275 Tax Class 1 and 2 Properties on the lien sale list, no distinction by debt type. This is a 17% reduction in liens from the 60 day list (a good improvement compared to the 2021 and 2019 sales which saw 9% and 16% drop offs, respectively)
- NYC is unique in the country in selling water debt: Michigan, Ohio, Delaware, New Jersey, and Maryland (Baltimore) all allow liens to be sold on water debt.
- NYC's original tax lien legislation had carve outs for households with water- and sewer-only debts (Tung 2014, p. 76)
- Partners reported that in the first half of the program:
 - They served over 3900 owners at events or through their regular office work
 - They performed in person outreach (like door knocking) to over 1700 owners
 - They completed remote outreach (calls, emails, texts, and mailings) to over 6500 owners
 - We are following up with a few partners about performance and data entry, but partners have already reached over 12k owners and their tenants through all forms of outreach, with plenty more engagement coming in the next few weeks.
- Since February 12th, the Hub has provided 236 referrals for NYC homeowners for tax lien sale assistance. For the week of April 21st, the team made a total of 37 referrals. Of the 37 referrals, 57% were made for residents of Kings County, 22% for Queens County, and 16% for Bronx County.
- We've sent 122 resource emails that offer information on how to avoid the lien sale, qualify for an exemption, or enter into a payment plan, among other helpful resources. The team shared that homeowners find the email useful because it helps them familiarize themselves with their options before speaking with a counselor.
- Since February 12th, the team has fielded 744 calls across all hotlines where the keywords "tax," "tax lien sale," "90-day notice," "60-day notice," "30-day notice," and "property tax" were used. The team has fielded 102 calls during the week of April 21st.

The Historical Inequities of NYC's Tax Lien Sales

In the Coalition for Affordable Homes 2024 (CAH) report, "[Unfair Deals: The Truth About NYC Tax Lien Sales](#)," the Center and our partners in CAH argued that the tax lien sale should not be reauthorized, and that tax class 1 properties should be excluded from any future sale, in the event of reauthorization. One of our top priorities as an organization has been to ensure that no homeowner loses their home to the lien sale. Our research has shown that most tax liens on small homes are sold from neighborhoods with higher percentages of Black, Brown, older, and low-income homeowners. The subsequent financial stress places these homeowners at a higher risk of losing their homes, deteriorates intergenerational wealth, undermines community stability, and erodes the neighborhood diversity that makes New York City great. Further, while small homes accounted for 42% of the total properties sold in the last tax lien sale in 2021, they accounted for only 21% of city properties' lien value. These metrics indicate that small homeowners are far from the biggest offenders of property-tax and water surcharge delinquency, yet they bear the brunt of liens sold. Despite these findings, the City has proposed to reauthorize the lien sale and include Tax Class 1 properties, which we find disappointing.

Increased Potential to Resolve Tax Debts

At the same time, we're encouraged by how the Council has adopted CAH's recommendations including significant protections for homeowners in [Local Law 82](#). For our organization and fellow advocates, this moment is the culmination of tremendous coalition building, stewardship, and advocacy efforts.

- **CAH Recommendation: Improve payment plan accessibility**
 - a. The bill increases and fixes the property tax and interest deferral (PT AID) payment plan income threshold to match that of the Enhanced STAR threshold and increases how much property tax may be deferred under PT AID.
 - b. Additionally, the new type of PT AID payment plan mirrors elements of the circuit breaker proposed by the [Advisory Commission on Property Tax Reform](#) (pp. 45-46), whereby an owner who pays more than 10% of their income may defer the amount above that percentage, so long as the remaining payments are not less than \$1,500 a year.
 - c. The bill now allows homeowners to self-certify that they have a hardship.
- **CAH Recommendation: Improve pre-sale noticing, communications, and outreach to homeowners**
 - a. The bill will increase the frequency by which the Department of Finance (DOF) must notify owners of real property of the tax liens they have, as well as inform owners on how to learn what liens the Department of Environmental Protection (DEP) may have issued for nonpayment of sewer or water rents or sewer surcharges.
 - b. The increased communications will include: actions a homeowner can take if a lien is sold on their property; the type of debt that can be sold in a lien sale; a clear, concise explanation of the consequences of the sale of a tax lien; the telephone number and email address of a departmental contact where the homeowner's debt(s) exist(s); a conspicuous statement that the owner of the property may enter into a payment plan to exclude their tax lien from the tax lien sale; credits and property tax exemptions that may exclude a property from the lien sale.
 - c. These notices can now be translated into Chinese, Korean, Russian or Spanish upon written request by property owners, or by verbal request to 311.
 - d. The notices will also be sent to homeowners via 1st class mail.
 - e. The bill requires increased direct outreach to impacted homeowners once notice of the tax lien sale has been issued.
 - f. The bill ensures that no information shall be posted online that specifically identifies any property or property owner, except by zip code and a randomly generated identifier.
- **CAH Recommendation: Improve post-sale limitations on the NYCTL trusts**
 - a. The bill will establish a task force to explore the effects of any trust created by the city, which is encouraging. The potential reforms of such trusts include how to:
 - Ensure the collection of tax liens is performed in an efficient, timely, and fair manner
 - Reduce the risk that tax liens are sold to trusts repeatedly in connection with the same property

- Preserve and produce affordable housing and promote homeownership
- Improve transparency of operations and outcomes in the collection of tax liens;

The task force will also explore whether alternatives to the trust exist, or could be developed, that would have an effect similar to the potential reforms.

- b. The bill now requires early communication with homeowners about the additional fees that will be applied to their tax liens once they are sold to the trust; and, for owners who match the easy-exit threshold, lien sale surcharges can now be forgiven if the owner pays off debt.
 - c. Further, DOF will now communicate with homeowners what the minimum amount is that they could pay to have their liens removed from the lien sale, instead of conveying the total amount of their debt.
 - d. The bill now also allows heirs to enter into installment agreements by providing death certificates.
- **CAH Recommendation: Reform property taxes and exemptions**
 - a. While property tax reform is not directly provided for in the legislation, since its purpose is to reauthorize the tax lien sale, pathways have been built into the process to make it easier for homeowners to obtain the exemptions for which they may qualify.
 - b. The bill will now require many additions to be included in the annual Notice of Property Value (NOPV) that is sent to homeowners each year, which will outline among other things: actions homeowners can take if a lien is sold on their property; the type of debt that can be sold in a lien sale; a clear, concise explanation of the consequences of the sale of a tax lien; the telephone number and email address of a departmental contact where the homeowner's debt(s) exist(s); a conspicuous statement that an owner of any class of property may enter into a payment plan to satisfy the delinquent real property taxes, assessments, sewer rents, sewer surcharges, water rents, and any other charges that can be made into a lien, or exclusion from the tax lien sale; credits and property tax exemptions that may exclude a property from the lien sale.
 - c. The bill will also now allow DOF to defect a lien of any Class 1 or 2 property that submits a qualifying exemption up to 90 days after sale.

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

Additional Recommendations

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

- **Include additional language in paragraph 2 of subdivision b of section 11-320 that permits an exemption for eligible senior citizens and persons with disabilities to be retroactively applied and their lien defected even if they failed to apply before the deadline.** Many seniors experiencing diminished capacity and persons living with disabilities are unable to meet the

strict deadlines or have counsel or a caretaker to assist and should not lose their home for that reason. This creates a greater burden on the City in addition to the extreme hardship it would cause the homeowner.

- **In the event a deceased homeowner is survived by more than one heir, any heir by operation of law or otherwise should be able to enter into the installment agreement even for unsettled estates.** These are tenants in common who each own a share in the home and they often do not have the legal or financial resources to untangle title or seek court relief prior to the tax lien being sold.
- **Include language that allows for the exclusion of income from non-responsive or unknown heirs and unrelated third parties following the death of the owner of record.** Children, surviving spouses and other heirs who reside in a family home should be able to exclude income from other joint owners who have no interest in the property and do not contribute to its maintenance or expense. The law as written allows for the displacement of those heirs from their life-long homes after they have suffered the loss of a parent or other family member and is often a tool for equity stripping by third-party speculators.
- **In the event a homeowner elects for the summary foreclosure action, the certification required in section 11-412.5 that the homeowner has consulted with an attorney should be made by the attorney instead of the homeowner. A homeowner certifying that they consulted an attorney will likely be ineffective and mechanical.** An attorney certification will also deter a private attorney from providing insufficient counsel. A further preference of ours is for the homeowner to work with a housing counselor in addition to an attorney when pursuing this option.

Conclusion

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

Resources:

[Preliminary Recommendations of the Temporary Task Force on Tax Liens](#)

- Local Law 82 - reauthorization of the sale of liens for real property taxes, water and sewer charges, and certain other property based charges
- TASK FORCE reviews ways in which the current lien sale mechanism (specialized trust to finance the sale of unresolved liens) may be improved along the following lines:
 - Ensure the collection of tax liens is performed in an efficient, timely, and fair manner
 - Reduce the risk that tax liens are sold to such a trust repeatedly in connection with the same property
 - Preserve and produce affordable housing and promote homeownership
 - Improve transparency of operations and outcomes in the collection of tax liens
- Address Chronically Unresolved Properties
 - Clearly identify such properties that have prolonged period/chronically unresolved properties with an inability or unwillingness to meet basic obligations such as paying taxes
 - Unresolved for over 36 months after a lien has first been sold
 - Unresolved means the lien has not been redeemed and/or efforts to dispose the property via foreclosure auction did not result in any buyers
 - Develop and maintain a list of reasons that cause properties to remain unresolved (multiple reasons)
 - Probate/guardian issues, city hold, service issues, debtor protracted litigation, title issues,
 - Develop clear plans of action to address the underlying conditions blocking disposition
 - Develop a standard process to address various reasons for chronically unresolved with a prioritization of residential properties
 - Identify shortfalls in the existing policy toolkit
 - Minimize negative impacts on the surrounding communities
 - Reducing the number of chronically unresolved properties
 - Silver lots resolution plan: no development value and therefore foreclosure fails as an enforcement mechanism; city should develop and report on a specific plan that removed the property from the tax roll as a stand-alone tax lot
 - Wetlands and underwater lots resolution plan: opportunities identified by DEP to include the property in an existing or future stormwater management project to mitigate flooding such as Bluebelt
 - Secondary use condos resolutions: notification of delinquency to the condo board of directors making it aware that a particular secondary use unit is at risk of foreclosure and possible sale to third party which may incentivize condo development to resolve debt and provide opportunity to purchase winning bids
- Improve Reporting and Accountability
 - Designate a trust coordinator
 - Trust should provide on an annual basis to enforcement agencies (DOB, HPD, DSNY, FDNY, DEP) a list of chronically unresolved properties at higher risk of needing enforcement action

- Annual Reporting - on activities and outcomes of the Trust and activities by agencies relating to chronically unresolved properties in the Trust (# of liens classified as CU, newly classified as CU, property type and class)
- Clearly Communicate All Debts to the Owner
 - Every property owner is aware of all the debts they owe to the city and make it easy for the property owner to find this out
- Leverage Potential Housing and Community Development Opportunities
 - Properties that do not resolve their debts with the trust will eventually end up in judicially supervised foreclosure auction
 - The trust will place a minimum bid to protect the city's fiscal interest in property
 - No other bid comes in higher, the Trust ends up holding the winning bid
 - It attempts to collect as much of the arrears that are owed by reselling the winning bid to any interested third party
 - To ensure the disposition of these winning bids are done in a way that maximizes value for the city
 - Implement standards: all bidders on such properties must meet to avoid sales to individuals or companies with records of poor building or fiscal management
 - Create a preservation track for Trust winning bids where appropriate: explore ways to allow for qualified third parties to acquire the winning bid from the Trust as part of an affordable housing preservation/development plan
 - Identify the stock of properties that could be a contender for an alternative second auction path (preservation track) that would further this
 - Determine the potential lost revenue by forgoing arrears compared as the opportunity cost associated with this preservation (cost benefit analysis)
 - Flag to the council and HPD in a timely manner when Trust has the winning bid of residential properties or developable vacant land to provide an opportunity to divert to a preservation track if analysis finds path is worthwhile
 - Explore viability of resolutions pre-foreclosure
 - Pro-actively bid at first auction: DOF website list of upcoming foreclosure auctions initiated by the Trust with sufficient time for organizations to put together a viable bid
 - Explore using settlement/buyout offers: the Trust and City should explore a framework where in certain cases, properties heading to foreclosure could be purchased by a third party prior to auction to reduce the time it takes to resolve the debt
 - Save on legal and interest costs which could help the prior owner get more equity and allow the city to resolve the debt more quickly
 - City would need a third party lined up ahead of time to take ownership of said property



East New York Community Land Trust
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Dear Task Force Members,

My name is Albert Scott and I am a lifelong East New York resident and a founding member of the East New York Community Land Trust. I am also the Chairman of the East New York Homeowners' Associations Inc.

East New York had the most residential properties on the lien sale than any other neighborhood in New York City. Our Black and Latino working class community of homeowners and tenants is being brutalized by the lien sale.

We have knocked on hundreds of doors in our community talking to homeowners and tenants about their rights and options as pertains to the lien sale.

We are seeing and hearing some disturbing things:

Just to give a few examples - one 2 family-home on Hendrix Street has a corporate owner and is fully occupied by tenants. This corporate owner owes \$226,222 in municipal charges, \$79,000 of which are ERP charges and the property has 120 HPD violations. Another two-family property just a few doors down on Hendrix St is also fully occupied by tenants and under corporate ownership as well. This corporate owner owes \$54,000 to the city in property taxes and water bills. There are 127 open violations and tenants are living with water leaks, lots of mold, roaches and mice. **These two properties have two different owners but are on just one single block in East New York!** There are so many stories like this across the entire city. **Yet when it comes to properties like this the city sells the liens and gives away its rights and responsibilities to hold bad landlords accountable and transfer them to responsible ownership.**

Not only that, but even with the reforms that have been implemented to give homeowners options, homeowners are still struggling and less than 168 easy exit applications have been filed and even fewer have been accepted across the city.

We are calling on the task force to follow its mandate under Local Law 82 to examine alternatives to the lien sale. So far, based on your preliminary recommendations, you all have failed in your obligation. Other large cities like Los Angeles and San Francisco collect on their debts successfully without a lien sale, New York City can too.

Even Mayor Adams knew this "at least while he was running for office." In 2021, in campaign housing platform he stated "There is enough evidence that the annual lien sale has not been a just or an effective debt collection program. A real recovery is not balanced on the backs of the generational wealth in Black and Brown communities. Our focus should be on reinvesting in historically marginalized communities, and there are a number of promising models we will consider to replace the lien sale and do just that."

DOF, OMB, and DEP, we are calling on you to live up to the promises that the Mayor made when he ran for office. Stop balancing the NYC budget on the backs of my community and use this task force as an opportunity to improve the lives of New Yorkers by being visionary, ending this relic of the Guiliani era and creating an alternative that preserves and protects our homes and our neighbors.

Thank you.

Hearing of the Temporary Task Force on Tax Liens

April 30, 2025

Testimony of John Krinsky

Board Treasurer, New York City Community Land Initiative

And

Paula Segal, Staff Attorney, TakeRoot Justice

To the Tax-Lien Sale Task Force:

My name is John Krinsky, and I am a professor of political science at the City College of New York and the CUNY Graduate Center. I am also a founding board member and treasurer of the New York City Community Land Initiative, a twelve-year-old coalition supporting the formation of community land trusts (CLTs) in New York. It is in this latter capacity that I offer my testimony today, though my testimony is my own and my co-author's.

In the mid-1990s, after earning a master's degree in urban planning at Columbia, I worked at the Community Service Society's housing policy and research unit. There, I learned about tax arrears as an early warning for physical distress in multifamily housing in New York. At that point, we didn't have a tax-lien sale. The city was still "in the housing business" and often initiated in rem foreclosure proceedings on longer-term tax-delinquent properties. But because the city understood that neighborhoods with high tax arrears were also neighborhoods with high rates of tax delinquency, and because this could be affirmed at the building level, too, it saw the *social value* in reclaiming these buildings for transfer to more responsible owners, whether these were tenants, nonprofit community and housing development corporations, or private landlords.

My co-author for today's testimony is Paula Segal, Senior Staff Attorney at TakeRoot Justice and likewise a co-founder of NYCCLI. Paula's experience with the City's handling of municipal debt comes through the experience of community gardens lost and divided when privately owned land went to post-foreclosure auctions. In 2020, the City Council directed Department of Finance to take all charity property out of the lien sale so that agencies would have the opportunity to work with the owners on preservation strategies.

The tax lien sale, as we know it, is a creation of the Giuliani administration, which got the idea from Brett Schundler, then mayor across the river in Jersey City. Both were darlings of the Manhattan Institute, which promoted the idea. The sale of tax liens to a private trust (the city's control of the trust notwithstanding) with millionaire investors meant that Giuliani could take the city substantially *out* of the housing business by curtailing the supply of buildings that could be rehabilitated and turned, often, into permanently affordable housing for longtime residents. For the absolutely *worst*

buildings, the city still initiated foreclosure and transfer to Neighborhood Restore, a nonprofit holding entity that would supervise rehabilitation and disposition, often to neighborhood nonprofits. But indeed, the pipeline of property for preservation largely dried up, without, necessarily, a corresponding decrease in poor conditions facing tenants in multifamily properties.

Last year's reauthorization of the lien sale acknowledged some of the criticisms of the sale that existed before 2021—and which was given a pause by a City Council responsive to calls to not renew its authorization—and created several possible “off-ramps” for properties in the sale, mainly Tax Class 1 properties. And while the “Easy Exit” option was made available, fewer than 100 applications of 10,000 properties going into this year's lien sale, have been approved, of only 200 or so submitted. This is clearly window dressing.

29 years after Mayor Guiliani and the then-real-estate dominated City Council decided to sacrifice the wellbeing of low- and middle-income tenants and homeowners for discounted returns from an investment trust, we have made little progress. I am old enough to remember this happening and the protests from housing advocates. And indeed, despite the changes to New York City over the last nearly three decades, many of the same neighborhoods with liens going to sale are the same neighborhoods with higher levels of Black and Brown residents; they are the same ones with lower-incomes; they are the same that send more households into our already-overstuffed shelter system; and they are the same in which current residents struggle with indefinitely deferred maintenance and precarious living situations;

With the new lien sale, we have the possibility of removing many more properties from the pool of liens sold. What that means, of course, is that New York City is willing—at least in principle—to retain whatever that debt amounts to on its books. Were more properties eligible for early exit, that amount would grow, and the expected \$70 million in sales proceeds from the lien sale scheduled for this May would be correspondingly lower. This means—again in principle—that the City is coming around to the idea that there is a public good served by *not* putting properties into the sale.

Together, the two principles, above, should lead, inexorably, to the final retirement and abolition of the tax lien sale. If the City is willing to carry more of its property debt on its books, it likely means that the danger it poses for the City's bond rating is minimal; the danger had been brought up before, but the data presented do not bear out any particular threat isolable to the absence of the lien sale (the huge cofounder of the COVID-19 pandemic should be understood to have led to suffering tax collections), and indeed, the City's rating stayed stable or improved. And if the City sees that there is a public good by not putting properties into the sale, it can and should actually come up with alternatives, rather than empowering successive task forces to try to fix something that is not fixable.

It is no surprise, of course, that *every* city deals with property tax delinquency. Few, if any, others sell their tax liens for a discount into a series of securitized trusts, and some

others do something closer to what we *could* do, if we decided, once again, to use the opportunity for leverage that the liens provide, for the preservation and creation of affordable housing. Further, at least some of these cities' tax-compliance is higher than New York's. Despite the tax lien sale coinciding in the 1990s with a 1.5 percent increase in tax collection (which has remained fairly stable since, tax lien sale or no), the experience of other cities shows that the lien sale is neither a necessary nor sufficient incentive for property owners to pay their taxes.

We also might better look to some of these other cities, like Los Angeles, which recently expanded a program to channel tax delinquent properties into community land trusts; Portland, which has provisions to transfer delinquent properties to nonprofit organizations to fulfill a public purpose; or to Houston, which has a land bank to assemble smaller properties for rehabilitation. We already have the seeds of some of this in New York City. With a growing sector of community land trusts, and an existing sector of mission-driven nonprofit developers—some of which grew in response to the City's pre-tax-lien-sale program to return tax-delinquent housing to affordable housing use—it seems a good use of the City's resources to see tax-delinquency not just as a cost, but as an opportunity to direct property to what is perhaps the city's *most* pressing need.

ABOLISH THE NYC TAX LIEN SALE COALITION

Abolish NYC Tax Lien Sale Coalition
Staff@eastnewyorkclt.org
(646)-335-5973

Temporary Task Force on Tax Liens Preliminary Recommendations Public Meeting April 30, 2025

The Abolish The Tax Lien Sale Coalition advocates for the full abolition of the NYC lien sale for all properties in the City, and its replacement with systems that (1) preserve homeowners' and tenants' ability to stay in their homes, (2) promote racial equity, and (3) support community land trusts.

We have conducted outreach to countless homeowners and tenants, held rallies and press conferences, and beat the drum about the predatory nature of the lien sale. We also produced three reports:

- *Commodifying our Communities: The case for abolishing NYC's tax lien sale and prioritizing community land trusts in a new tax collection and property disposition system* (Nov. 2020).
- *Leaving the Speculators in the Rear-View Mirror: Preserving Affordable Housing In NYC, a Municipal Debt Collection Framework* (Feb. 2023).
- *Research Brief: The Impact of the Tax Lien Sale on Rental Properties, 2017-2021* (March 2024).

Below, we share our two key concerns regarding the [Preliminary Recommendations of the Temporary Task Force on Tax Liens](#), released in April 2025, and some direct responses to specific recommendations that the Task Force made:

CONCERN #1:

The Task Force did no inquiry into alternatives to the sale of municipal debt

We are struck by the absence of any discussion of potential alternatives to the lien sale, as directed by Local Law 82 of 2024, section 26(f)(3) and disheartened that the task force failed to mention its legal obligation to inquire into alternatives in its cover letter framing its charge. [Local Law 82 of 2024](#), the source of the task force obligations, requires it to look into three specific things:¹

¹ Sec. 26(f)(3) of Local Law 82.

1. the effects trusts previously created to purchase the City's tax liens² have had;
2. potential reforms of such trusts and other future trusts that will buy City debt;
- and
3. **whether alternatives to such trust exist, or could be developed.**

The task force ignored the obligation to investigate alternatives entirely when it said, "The mandate of the Task Force is to review ways in which the current lien *sale mechanism*... may be improved" (emphasis added). The final recommendations must include an exploration of ending the lien sale and a concrete proposal for its replacement whether that be the creation of a land bank or another publicly accountable entity that could hold distressed properties.

The task force's role is to develop and propose alternatives; it will be the task of the legislature to decide whether to pursue the alternatives by writing bill(s) to put them into place. The task force's role is not meant to curtail alternatives to only the small changes in current procedures that the Department of Finance (DOF) is willing to make on its own, though DOF staff are included as Task Force members since they hold crucial knowledge about the City's tax debt.

The mandate of the Task Force is to be visionary.

CONCERN #2:

The City should be in charge of decisions that impact tenants and neighborhoods

We were glad to see recommendations that propose the City taking the initiative to outline steps to reduce the number of chronically unresolved properties (i.e. sliver lots, wetlands and underwater lots, secondary use condos; #4, 5, 6).

However, we are dismayed that the Task Force does not recommend putting the City in charge of collecting debt on the properties that impact New Yorkers the most:

- (1) vacant lots and unoccupied buildings that blight our neighborhoods instead of providing affordable housing and other community-serving space and

² All tax, water and emergency repair debt due to the City is a "tax lien" on property as soon as it is past-due; the liens belong to the City and the City can collect on them as long as it doesn't sell them.

(2) Properties where tenants pay rent but landlords don't pay their bills.

We urge the Task Force to recommend that **DOF defect the “chronically unresolved” liens on such properties³** and then, once the debt is in the hands of the City again, DOF can "develop clear plans of action to address the underlying conditions..., identify shortfalls in the existing policy toolkit, and minimize negative impacts on the surrounding communities."

The law also lays out standards by which the task force should evaluate potential reforms (#2) and alternatives (#3):

- ensuring the collection of tax liens is performed in an efficient, timely, and fair manner;
- reducing the risk that tax liens are sold to such a trust repeatedly in connection with the same property;
- preserving and producing affordable housing and promote homeownership; and
- improving transparency of operations and outcomes in the collection of tax liens.

There is no reference to these standards in the preliminary recommendations; we are particularly disheartened that the task force did not address repeat lien sales directly and did not focus its attention on either preserving and producing affordable housing or promoting homeownership.

³ The definition in #1 is useful:

A chronically unresolved property is defined as a property [that] has been transferred to the 1998-2 trust and has been unresolved for over 36 months after a lien has first been sold. Unresolved means that the lien has not been redeemed and/or efforts to dispose of the property via foreclosure auction did not result in any buyers.

These will be some portion of the nearly 4,600 unresolved liens in the 1998-2 “graveyard trust” that reflect properties that were either too risky to include in an investor-backed trust offering or were not resolved in the time its initial buyer existed; these are reflected in the latest quarterly report (Dec 2024) [published](#) by DOF. Liens that are in the graveyard trust end up there either because the City’s advisor decided it was too complicated to include in an investor-backed trust offering, or was unresolved at the time when the investor-backed trust that bought it was closed down.

Specific responses to Preliminary Recommendations

1. If the City continues selling liens to investor-backed trusts, City agencies must have the chance to meaningfully intervene before properties are auctioned post-foreclosure

In the instance where the Task Force does consider housing and community development opportunities, it is only in the context of what happens to properties after they go to a post-foreclosure auction and only if there are no bidders at the first auction (#12, “Trust winning bids”).

The Trust winning bid auction happens after the lien sale lists are published, announcing to speculators which property owners are vulnerable and would likely sell to them below the market value of their property; after liens are sold and fees for the sale transaction itself are added to owners’ bills, adding financial pressure to either sell or cut corners in maintenance and repairs; and after the Tax Lien Trust files a case in court and wins a judgment of foreclosure; and after there is an auction of the property where no one bids enough to pay what is owed to the Tax Lien Trust. That is way too late.

The City should have instruments to consider preservation and development opportunities at much earlier points in the process, e.g. before liens are sold, before a Lien Trust files in court and again before the first auction after foreclosure. At minimum, the Task Force should recommend notification to all relevant agencies so that the City can consider directing properties to preservation pathways after the judgment of foreclosure⁴ but, crucially, **before** a first Notice of Sale is issued or **any auction** takes place; notification to HPD is a good start, but the final recommendations should include notification to a wider range of agencies that might be able to utilize property to improve community well-being, including the Parks Department and DEP.

The timing is crucial to correct. Properties that are bought at the first auction are bought by speculators who meet the minimum bid with the intent of finding any way possible to make money off their investment. Such purchases run counter to good

⁴ Helpfully, when the court issues its final order prior to an auction date being selected, it accepts and includes a referee’s report that specifies exactly how much money is due to all parties. That report can be used as a basis for analysis before an auction actually happens.

policy. They are incentives for speculation, and put the properties' occupants at risk of eviction, or being prey to a landlord whose sole goal is to get as much return on their investment as possible. Any intervention that happens after speculators have had an opportunity to pay whatever is due to the Tax Lien Trust is nearly meaningless, including the recommendations regarding what should happen in the event that no speculator purchases at the first auction and then the Tax Lien Trust bids on the lien at the second auction; the properties that will be in this posture will always be the most complicated and difficult properties. The City's and our community land trusts and other affordable housing organizations should be prioritized over speculative investment in the Task Force's recommendations, not left with crumbs.

All interventions contemplated at earlier points are aimed at getting not for profits and CLTs to be able to compete with the speculators at public auction (#13), or to participate in the pre-foreclosure purchasing that speculators already do (#14).

Where properties are not diverted and do go to auction, the task force should recommend that **the City have an inter-agency team** assigned to monitor such auctions and actively consider whether it should exercise its purchase power as granted in the Administrative code § 11-339:

At a sale pursuant to judgment in an action to foreclose a tax lien or at any sale free of tax liens, the city, without authorization other than hereby given, may purchase any property that is the subject of the sale.

Active engagement will allow for the City to intervene to keep tragedies like the loss of a portion of a historic Bronx community garden last year. The rear 25 feet of the garden was bought by a speculator at a post-tax lien foreclosure auction, who is now having their agents trespass on garden land to cut down beloved trees. Parks and DOF were aware but stated that they would only intervene if there was no bidder at the first auction who met the minimum bid. As there was a bidder, they never did.

2. The City should actively prevent known bad actors from buying at auction

We agree with the Task Force recommendation (#11) that, where the City and its preservation and development partners cannot divert a property from auction, that bidding should be limited to entities and individuals that meet a set of standards, similar to entities who are doing business with the City of New York. However, we would like to see the final recommendations include more detail as to how such

standards will be implemented and enforced and what entity will be responsible for doing so.

**3. We are glad to see that the Task Force is recommending a legible
Administration contact person**

This seems like a good step, but incredible that it is coming after over 25 years of the City's use of private entities to manage its arrears (#7):

The Administration should identify the existing staff & title of the staff member responsible for overseeing activities of the Trust on behalf of the City and is responsible for coordinating any inter-agency work related to the Trust.

**Testimony by The Legal Aid Society
Before The Temporary Task Force on Tax Liens
April 30, 2025**

Founded in 1876, The Legal Aid Society is the oldest and largest provider of free direct legal services to low-income families and individuals in the United States. Operating from 26 locations in New York City with a full-time staff of over 1,900, the Society handles more than 300,000 individual cases and legal matters each year. The Society's law reform representation for clients also benefits some two million low-income families and individual in New York City through impact litigation addressing a broad range of housing and benefit issues.

The Legal Aid Society has been at the forefront of advocating for the rights of homeowners at the City, State, and local levels since 2000 through our Foreclosure Prevention and Home Equity Preservation Project. Our mission is to preserve affordable homeownership by assisting homeowners to prevent foreclosures while challenging abusive lending and real estate practices in state and federal court. Over the many years, we have assisted thousands of low-income homeowners as well as cooperative shareholders to prevent the loss of their homes to foreclosure, including those caused by tax liens and predatory schemes. We therefore appreciate the opportunity to testify today on the critical issue of property taxes and tax liens which adversely impact low-income homeowners.

**THE TASK FORCE RECOMMENDATIONS SHOULD INCLUDE MORE PROTECTIONS
FOR HOMEOWNERS**

We are concerned that the Preliminary Recommendations of the Temporary Tax Force on Tax Liens do not adequately address the impact of the lien sale on low-income homeowners. The tax lien sale particularly harms homeowners in Black and Brown communities, communities long subjected to patterns of discrimination and disinvestment. According to a Coalition for Affordable Homes analysis of the 2021 lien sale, the city is six times more likely to sell a lien in a majority

black neighborhood than a majority white neighborhood.¹ According to the same report, low-income seniors are also particularly impacted, as they are less likely to have a mortgage, and thus less likely to have a mortgage escrow account and a company who will cover missed property tax payments. These observations are consistent with our experience that the lien sale impacts the most vulnerable homeowners and communities.

We fundamentally do not think Tax Class 1 properties, of one to three-families, should be included in the lien sale. The financial gain from this method of collecting debts from small homeowners is vastly outweighed by the harm to low-income communities. The new “Easy Exit Program” and other repayment and exemption programs are undoubtedly an improvement to the lien sale process. Still, the harm to homeowners begins when the property is placed on the publicly available lien sale list in the first instance. The owner immediately becomes a target for scammers and predatory schemes. The harm continues as vulnerable homeowners face a rushed timeline, with pressure to quickly resolve outstanding debts.

PUBLICATION OF THE LIEN LISTS IS HARMING HOMEOWNERS

Many of the homeowners who come to us as victims of deed theft were targeted after their address appeared on the lien sale list. Real estate actors across the city seek to profit from the financial stress created by the lien sale. I am attaching an article from the website of a New York City law firm as Exhibit A. The firm encourages their prospective clients to use the lien list to identify potential owners in financial distress. It also notes the intense pressure property owners face to resolve their debts quickly as a result of steep interest rates.

The article recommends targeting properties with “direct owner outreach.” Predatory actors understand the duress homeowners are under and the appeal of an in-person offer of a quick fix. In many cases it is hard for DOF and DEP outreach to compete with the predatory sales tactics of these bad actors. I am attaching a scam letter as Exhibit B. The homeowner who forwarded it to us could

¹

<https://static1.squarespace.com/static/66030e92b5a3b450b27c4a04/t/660f1a4d0dd9694ac1479f22/1712265806869/CNY-CN-Unfair+Deals-The+Truth+About+NYC+Tax+Liens+Sales.pdf>

not immediately tell whether it was legitimate. This particular homeowner is being targeted in connection with a tax lien foreclosure.

Our clients commonly face a barrage of predatory interest in their properties when their financial vulnerability is made public, whether through a foreclosure filing, the lien list or other means. The lien lists, however, are particularly easy to access. They don't require reviewing individual filings or paying money to firms that collect and analyze data; they are a very low cost means of identifying targets for predatory marketing.

The simplest method of avoiding this harm would be to remove small properties from the lien sale process entirely and utilize other methods of collection. Alternatively, any reduction in accessibility of the tax lien lists would likely reduce targeting of homeowners. Moreover, the City could reduce the vulnerability of low-income homeowners to speculators and scammers by improving outreach, increasing affordability of repayment plans, and otherwise easing the financial pressure on low-income homeowners. Of course, these additional protections are expensive, and these costs, in conjunction with the inevitable harm to communities, raise the question of whether New York City should pursue a more efficient, less damaging approach to collection.

THE SHORT TIMELINE OF THE LIEN SALE PROCESS PLACES UNREASONABLE PRESSURE ON LOW-INCOME HOMEOWNERS

The rushed timeline of the sale is particularly problematic. In our experience, many of the homeowners impacted by the lien sale are experiencing a personal or financial crisis. For example, the property may be held by an older person who has lost the ability to manage their finances, or a homeowner has passed away, and their family is struggling with limited resources to manage the estate. Ninety days, the current timeline, is insufficient for a struggling homeowner or their family, already mired in personal or financial crisis, to receive notice of the sale and resolve their debts. Resolution may require intervention in a family member's affairs, assessment of a family member's capacity, consultation with an estate lawyer, preparation of documentation for an application to the Department of Finance, an appeal of an adverse decision, or identification of a new route to preserve

the home. If a homeowner requires emergency assistance from HRA to help with tax arrears, or other financing, the timeline of the sale is in many cases prohibitive.

As an example, one of our clients inherited her home via life estate deed in Spring of 2024 after her mother passed away from cancer. Our client had quit her job to move in and help her mother as she battled the disease, and was paid by the state to do so. Thus, once her mother passed away, our client also lost her income. In addition to mourning her mother, taking care of her mother's funeral arrangements and other end of life affairs, our client was also struggling with health issues that had gone unmanaged as she prioritized her mother's care. In this context, overwhelmed by financial and personal challenges, our client discovered that her mother had accumulated \$50,000 in property tax debt, and that her home would be subject to the impending lien sale. In this case, we were able to assist her with an "Easy Exit" application, however she did not accomplish this easily or without assistance. It took her months of persistent effort for her to understand her options, find affordable assistance and secure the help she needed. It is hard to overstate the amount of stress she has endured on top of her existing grief and financial difficulties.

For families with limited resources, it is extremely challenging to muster the legal and financial assistance to resolve the many elements of a personal or financial crisis that affect their abilities to pay tax debt, but also create many more immediate emergencies. We are very concerned that these homeowners and families are particularly vulnerable to scams, abusive lending and other predatory schemes under this kind of financial duress.

THE CURRENT LIEN SALE SHOULD BE DELAYED

This year's lien sale, scheduled for May 20, 2025, should be delayed for Tax Class 1 properties (one to three-families). It has been four years since the last lien sale, and many homeowners are unfamiliar with this threat. We do not believe there has been sufficient outreach to communities, especially since the lien sale has not taken place for several years, and there are critical new programs available to owners. While funding for outreach has been increased, efforts remain uneven. Many of the outreach events have been in partnership with elected officials, however not all offices have partnered with DOF, including offices in the most affected areas of Queens. Two weeks

shy of the sale, we are still encountering owners who are unaware their property is subject to the lien sale, or who are aware, but confused as to their options. There should be more outreach in affected communities, and there should be online informational sessions to supplement those in the community.

DOF is implementing relatively new processes within a very short time frame. DOF is working to be responsive as various issues arise, but the time frame is insufficient. As an example, DOF created a new form for heirs properties, however the form reached homeowner advocates less than two weeks ago. Prior to the new form, the application process for properties subject to probate was far less clear; there was no publicly available form, and advocates who encountered this issue were encouraged to contact DOF on a case-by-case basis. Properties in probate were initially excluded from “Easy Exit” eligibility.

Many situations continue to require an individualized review from the Department of Finance, including properties subject to deed theft and properties owned by trusts. The availability of this case-by-case review has not been publicized on the tax lien website, and it seems to require the intervention of attorneys and other advocates. Unfortunately, homeowners are not necessarily aware that their problem could be solved through this kind of individualized advocacy, and even if a homeowner knew to seek out help, it takes time and effort to identify and receive such assistance. DOF’s outreach, implementation and processing of applications should not be confined to a mere ninety days, given the complexity of these issues and the immense value of these homes to families and communities.

TAX EXEMPTION PROGRAMS SHOULD BE MORE ACCESSIBLE

More broadly, tax exemption programs should be more accessible so that fewer homeowners face this kind of debt. There should be increased funding for outreach surrounding exemption programs. We would like to see mechanisms for reaching individuals who are least likely to be aware of tax obligations, including first-time homeowners and recent heirs. It is also critical that caretakers of older homeowners are aware of these programs. In our experience, we have found that

first-time homeowners, including those who inherit properties, are least able to anticipate tax expenses and least aware of exemptions.

Small changes to tax exemption programs could also provide added protections to the most vulnerable homeowners. Homeowners would be less likely to accumulate tax debt if they were able to enter exemption programs like SCHE and DHE on a rolling basis. Currently, there is only an annual enrollment. Rolling or quarterly enrollment would reduce the financial burden on older and disabled homeowners. Finally, homeowners whose tax exemption eligibility is likely permanent should be exempt from DHE and SCHE recertification requirements. Such homeowners, including those with permanent disabilities or fixed retirement incomes, would be far more protected from both tax debt and inclusion in the lien sale if the exemptions did not routinely expire. Older homeowners and homeowners with disabilities are particularly vulnerable to the types of disruptions that can cause them to miss a recertification deadline. Under circumstances where eligibility is highly unlikely to shift from year to year, requiring recertification accomplishes very little, while burdening both homeowners and DOF.

Finally, this particular tax lien sale highlights the need for more programs to assist with water debt, including programs to limit accumulation of debt in the first instance and income-based repayment options after the debt has accrued. The amount of water-only debt included in this tax lien sale is troubling, and, in contrast with DOF options, there are no income-based repayment plans at this time.

We hope to continue the dialogue with the City Council toward protecting our communities of low-income homeowners, and we thank you for the opportunity to testify today.

Respectfully submitted by

/s/ Jeanne Schoenfelder

The Legal Aid Society

Foreclosure Prevention and Home Equity Preservation Project

EXHIBIT A

How Savvy Investors Can Spot Distressed Properties Before NYC's 2025 Tax Lien Sale

by [Benjamin Williams](#) | Dec 20, 2024 | [NYC Property Tax](#)

As New York City prepares for its [May 2025 tax lien sale](#), property owners with overdue taxes face growing financial pressure. For investors interested in distressed real estate, this scenario creates a strategic opportunity: the lead-up to the lien sale provides early indicators—via publicly posted lists—of which properties might be ripe for negotiation and acquisition.

Key Dates and the Lien Sale Timeline

The City's next lien sale is scheduled for May 2025. Several lists showing properties at risk will be released beforehand, with the first "90-day list" expected around February 2025. Subsequent notices at 60, 30, and 10 days before the sale will follow. By tracking these lists, investors can pinpoint properties under intense financial strain.

Rising Interest Rates on Late Taxes Compound the Pressure

Late property tax payments don't just linger—they become more expensive over time. The New York City Department of Finance (DOF) charges interest on late payments, [compounded daily](#). This means the longer a property owner waits, the more they owe in interest, creating a significant incentive for distressed owners to cut a deal sooner rather than later.

For Fiscal Year (FY) 2025 (7/1/24–6/30/25), the [late payment interest rate](#) for properties with an assessed value over \$450,000 is **16%**, up from 15% in FY'24, 14% in FY'23, 13% in FY'22, and 18% in FY'21 and many prior years. With daily compounding, owners with large, valuable properties see their debts snowball at a

daunting pace—heightening their motivation to resolve the situation before the lien sale.

Data Signals Growing Delinquencies Among High-Value Properties

Recent DOF data (as of May 3, 2024) indicate increasing delinquency rates among high-value parcels. For semi-annual filers with assessed values over \$450,000 in FY'24, the total delinquent amount reached **\$499,980,526** for parcels delinquent by \$5 or more—an **18.51% increase from FY'23**. The number of such parcels was 5,481, highlighting that even larger asset classes are feeling the squeeze.

For investors, this surge in delinquency among higher-assessed properties suggests there may be more owners of commercial, multifamily, and upscale residential properties who are grappling with rapidly increasing interest charges. With interest rates higher than ever and compounding daily, these owners face a steep financial climb, making them prime candidates for distressed sales.

How Investors Can Leverage the Lien Lists

1. Early Property Identification:

By reviewing the 90-day list in February 2025—and subsequent lists at 60, 30, and 10 days—you gain an inside track on properties in trouble. This intel helps you focus on prospects most likely to entertain offers as interest accumulates and deadlines loom.

2. Direct Owner Outreach:

Armed with knowledge of their rising interest bills and impending lien sale, you can approach owners before May 2025. They may be more willing to accept an offer below market value if it means avoiding runaway interest costs and the eventual transfer of their lien.

3. Secondary Market and Post-Sale Opportunities:

While you can't buy individual liens directly from the City, building relationships with the trust or servicer that eventually acquires the liens could open doors. Monitoring properties on the brink of foreclosure and leveraging secondary market options can pay off after the sale.

4. Foreclosure Monitoring:

Should a lien progress toward foreclosure, your early research gives you a competitive edge. You can act quickly, whether by negotiating with the lienholder or offering a solution to the owner before they lose the property.

Timing, Data, and Relationships Matter

With interest compounding daily at 16% for high-value properties in FY'25, distressed owners have a stronger incentive than ever to find relief. By tapping into the 90-, 60-, 30-, and 10-day lists and understanding the upward trend in delinquencies, investors can time their outreach and negotiations to secure favorable terms.

A Strategic Real Estate Ally: Rosenberg & Estis, P.C.

Navigating these opportunities successfully requires not just knowing when and where to act, but also having expert legal support. For 50 years, Rosenberg & Estis, P.C. has guided clients through New York's complex real estate transactions—from acquisitions and sales to financing, development rights transfers, leasing, and beyond. Our integrated approach, which combines transactional skill with a deep understanding of litigation and administrative frameworks, ensures that clients receive unmatched service.

We represent a wide range of clients—buyers, sellers, landlords, borrowers, lenders, developers, building owners, condo and co-op boards, and joint venturers—in transactions such as:

- Acquisitions & Sales
- Development
- Joint Ventures
- Leasing
- Financing
- Ground Leases
- Development Rights Transfers
- Opportunity Zones

- Construction Agreements
- Coop/Condo/Shared Ownership Structuring
- 1031 Exchanges
- Zoning & Land Use
- Trust & Estates
- Real Estate Property Tax Analysis
- Loan Workouts/Restructurings

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As interest accrues on late taxes, and the lien sale countdown begins, the stakes are high. Don't navigate these complex waters alone. Contact Rosenberg & Estis, P.C. to learn how we can help you leverage the lien sale environment, identify distressed assets, and secure favorable deals in an increasingly competitive marketplace.

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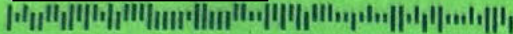
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EXHIBIT B

SE HABLA ESPAÑOL

2437
12
8



RE:

Free Re-Evaluation of Original Loan: \$40,000.00

File#:

Re-Negotiation Assistance



Dear Homeowner,

Urgent! According to records obtained through the county, a **foreclosure was recorded on 11/20/2024** and a **sale date is scheduled for 03/20/2025** on property located at [REDACTED]

Due to **INFLATION** and the hardships that we are facing today, your first mortgage, originally funded by YOUR MAIN FINANCE COMPANY, may be eligible to be **RESTRUCTURED** as a result of new government programs effective to a 5, 10, or a 30 year fixed rate mortgage with a payment of only \$168.64 per month **even if you were denied a loan modification, your home recently sold or have a foreclosure sale date.**

This offer to assist you with your current home loan may include a **Reduction in your monthly rate, payments and principal balance owed by up to 20%-50%.** We may also be able to prevent your home from going to foreclosure auction and **postpone a sale date.** With our current strategy, we push banks to re-negotiate the terms of your home loan, **reduce the balance owed, stop foreclosure auctions, and in some cases help you reacquire your home at current market value. No appraisal, no equity, and no credit verification are required. Late Payments, Notices Of Default, And Foreclosure Sale Dates Are Okay.** This will be our final attempt to contact you.

Example of how we can help you:

OLD RATE	OLD PAYMENT	
6.5%	\$252.83	
NEW RATE	NEW PAYMENT	MONTHLY SAVINGS
3%	\$168.64	\$84.19

If you are facing a financial hardship or in danger of losing your home to foreclosure, **CALL IMMEDIATELY TO HELP WITH POSTPONING ANY AND ALL SCHEDULED FORECLOSURE SALES IN RELATION TO THE SUBJECT PROPERTY AT 888-881-9278.**

Our business hours are Monday – Friday 8AM to 8 PM. Saturday 10AM to 7 PM

CLJ
Christopher Leon Johnson

April 29th 2025

Brooklyn NY 11213

Dear **Temporary Task Force on Tax Liens**

Co-Chair Council Member Sandy Nurse

Co-Chair Annette Hill, Department of Finance

Andrew Bourne, City Council Legislative Division; Emre Edev, City Council Finance Division;

Joshua Goldstein, Office of Management & Budget; Albert Kramer, Department of Environmental Protection;

Michael Moore, Law Department; Lyna Saad, City Council Land Use Division and

George Sweeting, Center for New York City Affairs,

My name is Christopher Leon Johnson and I am making this written testimony to testify against a speaker that spoke at the hearing this morning, I am speaking about Albert Scott of the East New York Community Land Trust. Albert Scott is the reason why the city is in the shape it is now. The city is in disarray. Community land trusts are a scam to take land from people they don't approve of. Albert Scott doesn't care about Tax Liens. Albert Scott cares about lining his pockets with more government money. The Councilmember Sandy Nurse is part of the reason this is going on. She Doesn't care about homeowners, she cares about helping Albert Steal homes via Community Land trusts so she can line his pockets. Sandy Nurse is a fraud. Sandy Nurse sold out her own district so she can get a 390 million sewer deal. Sandy nurse voted for the city of yes. Albert Scott Owns Sandy Nurse like how Antonio Reynoso owns her. Sandy Nurse is a horrible Councilmember that needs to be expelled from the city council. 248 Arlington is a example. 248 Arlington has prostitutes, drugs, Homeless ran by Albert Scott and his nonprofit ENYCLT. Sandy nurse is complicit in the oppression of the tenants at 248 Arlington. Sandy Nurse is part of the reason why people are getting their homes taken Away. Sandy is the Architect of the Community Land Trusts. Community Land Trusts are the reason People are getting their homes taken away. How can Sandy Nurse sit there and act like she's fighting to save peoples homes while working with Albert Scott that is hellbent on taking their homes away. Sandy is a hypocrite and a fraud that needs to be indicted like how Eric Leroy Adams was. Everyone in NYC needs to stand up to Sandy Nurse and her fraud antics as a councilmember. I am against Tax liens at the same time I'm against the frauds such as Albert Scott and Sandy Nurse that act like they are fighting for it while at the same time they are behind Taking everyone homes. Its not a race thing, it's a moral thing. Get rid of emment domain, Get rid of all nonprofits out of the housing fights. Investigate Albert Scott and Sandy Nurse. Give 248 Arlington back to the real tenants and out of the frauds such as sandy Nurse and Albert Scott.

Sincerely

Christopher Leon Johnson
Christopher Leon Johnson

4/29/25



Testimony re Tax Lien Sale Task Force

My name is Joan Erskine. I am a homeowner in East Flatbush, Councilmember Louis's district, and also a member of Brooklyn Level Up (BKLUP), an organization that is working to preserve and grow opportunity in East Flatbush, Flatbush and Flatlands, vibrant multiethnic communities with high rates of Black and Brown home and property ownership.

The problem with the Task Force recommendations is that they address almost exclusively what to do with liens in the 1998-2 trust, the graveyard trust, the uncollectible and unmarketable liens that make the underlying properties problematic. But the damage of the tax lien sale starts to happen before any liens are even sold. It starts to happen the day the 90-day list is published, when speculators start to hound listed property-owners, owners who often end up taking low-ball offers to sell rather than incur the increased financial stress of the investment trust's fees and interest on top of what they already owe. That is when the property passes from the home or small property owner to predatory speculators. That is when long-established communities start to die. That is the problem the Task Force ignored.

While the "new and improved" tax lien sale framework purports to address that issue with payment plans and funding for outreach to affected property owners, those measures are wholly inadequate. In Community District 17 alone, there were over 1,700 tax class 1 properties on the 90-day list. Effective outreach to that many owners in that amount of time is just not possible. What is more, we have discovered from the owners and tenants we have spoken to in our outreach campaign that there are any number of circumstances that could be affecting a listed property, multiple owners, tangled titles, absentee landlords. The list goes on and on and none of it is addressed by the current Tax Lien Sale framework.

These are just some of the reasons that we in the advocate community had hoped that the Task Force would do what it was mandated to do, look for other means of enforcement, means that would not continue to prioritize investor profits over the interests of home and small property owners and over the City's most urgent need to build and preserve affordable housing. No other major city in the United States utilizes a tax lien sale framework like this and many of them have better collection rates than New York. Clearly, there are other, better ways to ensure the collection of property taxes and yet, despite its clear mandate to do so, the Task Force has failed to investigate any of them. It can however still start to do that. It can still start to explore a better tax collection system so that when the current tax lien sale authorization expires, we are not once again assaulted with the argument that it has to be extended because there is no other system in place to replace it. The time to start building that system is now.

From: [Nina Young](#)
To: [Testimony](#)
Subject: [EXTERNAL] testimony on tax lien sale
Date: Saturday, May 3, 2025 9:59:45 AM
Attachments: [testimony.txt](#)

[REDACTED]

To whom it may concern,

Please see attached and also same text in the email below.

Thank you!

My name is Nina Young and I live in Sunnyside, Queens, Council member Julie Won's District. I am also a member of the Western Queens Community Land Trust.

I am writing to tell you about my experience with the lien sale as someone who knocked on doors to do outreach for the 2025 lien sale that the Mayor and his Department of Finance scheduled for this May.

I am really disappointed that this task force, which was supposed to explore alternatives to the lien sale, has published a draft of recommendations that doesn't even acknowledge that the City Council passed a law last year instructing them to do that.

The lien sale is harmful in and of itself; even if recommendations to make it a little better are implemented, it will still be very bad. Our black neighbors are six times more likely to be targeted by the tax lien sale. Policies like this are why black families are leaving the city in droves. The lien sale process creates opportunities for speculators to target us and our neighbors, encouraging distress sales for less than market value and facilitating deed theft.

In one case I met a tenant who regularly helped his senior citizen landlord, and was very thankful that I had informed him that his building was on the sale and the methods to get off of it.

In another case, I met tenants whose building owner was an investment firm that did not take care of the building and the letters from DOF were in the lobby, waiting to be opened.

These people should not be bearing the brunt of the lien sales eventual outcomes.

My organization and I are members of the Abolish the Tax Lien Sale Coalition; together, we urge you to spend the next few months following the directive of City Council and developing a potential replacement for the lien sale that (1) preserves homeowners' and tenants' ability to stay in their homes, (2) promotes racial equity, and (3) supports community land trusts. We look forward to reviewing this alternative when you release it as part of the Task Force's final recommendations in September. I am particularly disappointed that the Task Force does not recommend putting the City in charge of collecting debt on the properties that impact New Yorkers the most: properties where tenants pay rent but landlords don't pay their bills.

I urge the Task Force to recommend that DOF buy back all outstanding liens on such properties and stop selling any more liens. Thank you for your time and consideration of my requests.

Sincerely,

Nina S. Young

--

Nina S. Young

Hunter College Master of Urban Planning

Planner | Photographer | Educator



**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

☐ in favor ☒ in opposition

Date: 4/30/2025

(PLEASE PRINT)

Name: Alexis Foote

Address: _____

I represent: Far Rockaway

Address: Far Rockaway

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: BAN ERSKINE

Address: _____

I represent: Brooklyn Level Up

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Jeanne Schoonfeld

Address: 260 E 94th St, 8th Fl, Bronx, NY

I represent: The Legal Aid Society

Address: 260 E 94th St, 8th Fl

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
☐ in favor ☐ in opposition

Date: _____

Name: ALBERT SCOTT (PLEASE PRINT)

Address: _____

I represent: EAST NEW YORK C.I.T.

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. Tax Lien Tax Forfeiture Proposal Res. No. _____
☐ in favor ☐ in opposition

Date: April 30, 2025

(PLEASE PRINT)

Name: Rachel Geballe

Address: Brooklyn Legal Services, 105 Court St, 3d Floor
Brooklyn, NY

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____
☐ in favor ☐ in opposition

Date: _____

Name: Ann Kocchak (PLEASE PRINT)

Address: Arthur St. Sanctuary

I represent: Small Property Owners of NY

Address: 3pony.org

Please complete this card and return to the Sergeant-at-Arms