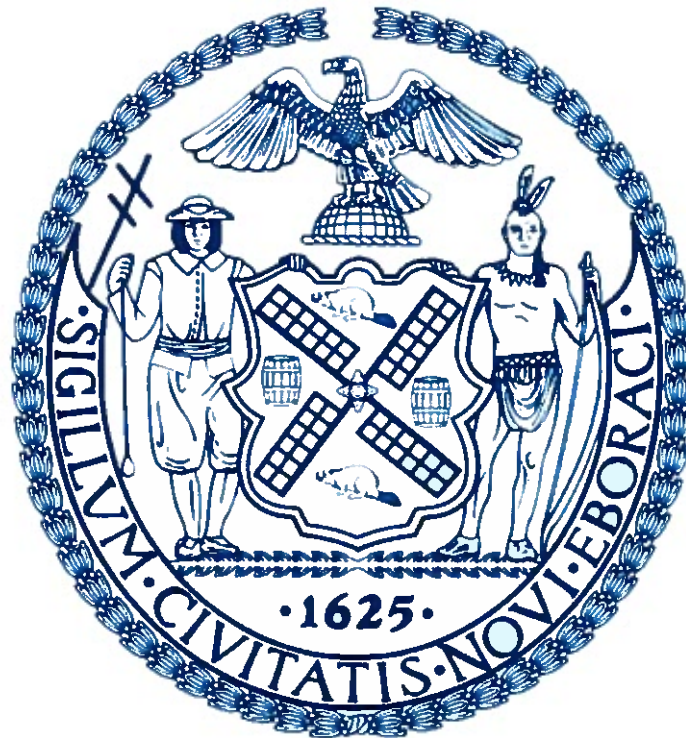


# Oversight—Taking Stock:

## A Look into the Third Party Transfer Program in Modern Day New York



Monday July 22, 2019

All values and data included herein are based on information from 2015 that was provided to the New York City Council by the Department of Housing Preservation and Development.

**Properties Selected for TPT**

**420**

**Total Market Value**

**\$315,118,476**

**Total DOF+DEP  
Charges Owed**

**\$115,220,863**

**Difference between Value and  
Charges**

**\$199,897,613**

## April 2018 HPD Testimony

“TPT is specifically geared toward the city’s *most distressed properties* including properties that are *not eligible for the tax lien sale* and that meet statutorily defined criteria for financial and physical distress.”

– HPD Associate Commissioner Kim Darga

**Non-Distressed Properties****210****Total Market Value****\$151,989,493****Total DOF+DEP Charges Owed****\$4,585,637****Average Market Value****\$723,759****Average DOF+DEP Charges Owed****\$21,836****Average Lien-to-Value Ratio****3%****Average B&C Violations Per Dwelling Unit****3.07**

**Non-Distressed  
Properties**

**210**

**Legal Standard for Lien-to-  
Value Ratio**

**15%**

**210 Properties: Average Lien-  
to-Value Ratio**

**3%**



**Non-Distressed Properties with Less Than  
5 Open B&C Violations per Dwelling Unit****155**

<b>Total Market Value</b>	<b>\$119,860,493</b>
<b>Total DOF+DEP Charges Owed</b>	<b>\$3,340,418</b>
<b>Average Market Value</b>	<b>\$773,294</b>
<b>Average DOF+DEP Charges Owed</b>	<b>\$21,551</b>
<b>Average Lien-to-Value Ratio</b>	<b>3%</b>
<b>Average B&amp;C Violations Per Dwelling Unit</b>	<b>1.05</b>

**Non-Distressed Properties with Less Than 5  
Open B&C Violations per Dwelling Unit**

**155**

**Legal Standard for Lien-to-Value Ratio**

**15%**

**155 Properties: Average Lien-to-Value Ratio**

**3%**

**Legal Standard for B&C Violations Per  
Dwelling Unit**

**5**

**155 Properties: Average B&C Violations Per  
Dwelling Unit**

**1.05**

# Non-Distressed Properties

210

**Total Market Value**

**\$151,989,493**

**Total DOF+DEP Charges  
Owed**

**\$4,585,637**

**Difference between Value and  
Charges Owed**

**\$147,403,856**



**Non-Distressed Properties NOT on the Same  
Tax Block as Other Properties Selected**

**33**

<b>Total Market Value</b>	<b>\$22,160,000</b>
<b>Total DOF+DEP Charges Owed</b>	<b>\$1,279,784</b>
<b>Average Market Value</b>	<b>\$671,515</b>
<b>Average DOF+DEP Charges Owed</b>	<b>\$38,781</b>
<b>Average Lien-to-Value Ratio</b>	<b>5%</b>
<b>Average B&amp;C Violations Per Dwelling Unit</b>	<b>5.28</b>

<b>Non-Distressed Properties on the Same Tax Block as Other Non-Distressed Properties Selected</b>	<b>50</b>
--	-----------

<b>Total Market Value</b>	<b>\$36,449,000</b>
---------------------------	---------------------

<b>Total DOF+DEP Charges Owed</b>	<b>\$1,408,622</b>
-----------------------------------	--------------------

<b>Average Market Value</b>	<b>\$728,980</b>
-----------------------------	------------------

<b>Average DOF+DEP Charges Owed</b>	<b>\$28,172</b>
-------------------------------------	-----------------

<b>Average Lien-to-Value Ratio</b>	<b>4%</b>
------------------------------------	-----------

<b>Average B&amp;C Violations Per Dwelling Unit</b>	<b>2.98</b>
---	-------------

**City  
Claim**

The City has the **authority** to transfer **any property with tax liens** delinquent for a specified period of **time**. *See Dorce v. City of New York*, 1:19-cv-02216 (SDNY) (City's Motion to Dismiss)

**Council  
Finding** **3 properties** the City selected for TPT had **\$0** in DOF & DEP Charges

## City Claim

“The properties that are selected for TPT are properties that have the **most severe financial and physical distress...**” (HPD Associate Commissioner Darga to the Council, April 2018)

## Council Finding

**At least 50% of the properties the City selected for TPT were NOT Statutorily Distressed**

## City Claim

The City will select a non-distressed property with arrears **if it is located on the same tax block** as a distressed property. *See In Rem Tax Foreclosure Action No. 52, Index No. 40000/2015 (NY Supreme Court)(City's Letter Brief)*

## Council Finding

**83 non-distressed** properties the City selected for TPT were **NOT located on the same tax block as a distressed property.**



# *Dorce v. City of New York, 1:19-cv-02216* (SDNY) (City's Motion to Dismiss)

“The City’s *in rem foreclosure actions*, both traditional and modified, are commenced by filing a *List of Delinquent Taxes* in the relevant County Clerk’s office. Ad. Code § 11-406(a). For both types of action, the List is prepared by the Commissioner of the Department of Finance (“Finance”), Ad. Code § 11-405(a), and *may include properties with tax liens delinquent for one year or three years*, depending on the category of property (Ad. Code § 11-404), and *must include all tax-delinquent properties in a specific geographical area*, which may not be smaller than a block. Ad. Code § 11-405(a).”

**In Rem Tax Foreclosure Action No. 53,**  
**Index No. 8700/15, slip op. at 6**  
**(N.Y. Sup. Ct. Mar. 28, 2019)**

“By foreclosing *in rem* and transferring title to Neighborhood Restore pursuant to the Third Party Transfer Program, the ***owners are completely divested of their property ownership*** and, after crediting the tax deficiencies, there are ***no proceeds of sales of the properties paid to the owners . . .*** The ***owners are completely stripped of all of their equity in their properties.***”

## **Round 10 Properties Selected by Borough**

<b>Brooklyn</b>	<b>192</b>
<b>Bronx</b>	<b>132</b>
<b>Manhattan</b>	<b>86</b>
<b>Queens</b>	<b>10</b>
<b>Staten Island</b>	<b>0</b>
<b>Total</b>	<b>420</b>

## Round 10 Neighborhoods with Greatest Property Concentration

<b>Borough</b>	<b>Neighborhood</b>	<b>Number of Properties</b>
<b>Bronx</b>	<b>Mount Hope</b>	<b>16</b>
	<b>University Heights-Morris Heights</b>	<b>16</b>
	<b>Bedford</b>	<b>17</b>
<b>Brooklyn</b>	<b>Bushwick North</b>	<b>22</b>
	<b>Bushwick South</b>	<b>18</b>
	<b>Crown Heights North</b>	<b>32</b>
	<b>East New York</b>	<b>19</b>
	<b>Stuyvesant Heights</b>	<b>18</b>
	<b>Central Harlem North-Polo Grounds</b>	<b>19</b>
<b>Manhattan</b>	<b>Central Harlem South</b>	<b>15</b>
	<b>Hamilton Heights</b>	<b>21</b>
<b>Total</b>		<b>213</b>



Property

Business & Excise

Tax Professionals

Forms

[Tax Bills and Payments](#)

Data and Lot Information

Assessments

Tax Rates

Guides & Reports

# In Rem Foreclosure

Your Property can become subject to In Rem Foreclosure if:

- Your Property Taxes and other property-related charges are Late for an extended period of time.
- Your property is in an area the City considers to be "blighted" and has been targeted for improvements.

Finance and the [Department of Housing Preservation and Development \(HPD\)](#) work together to take title of the property and sell or transfer the title to new owners who will resolve the property's outstanding charges and violations.



Data and Lot Information

Assessments

Tax Rates

Guides & Reports

Private Asset Auctions

Get Help



# Third Party Transfer (TPT) In Rem Program

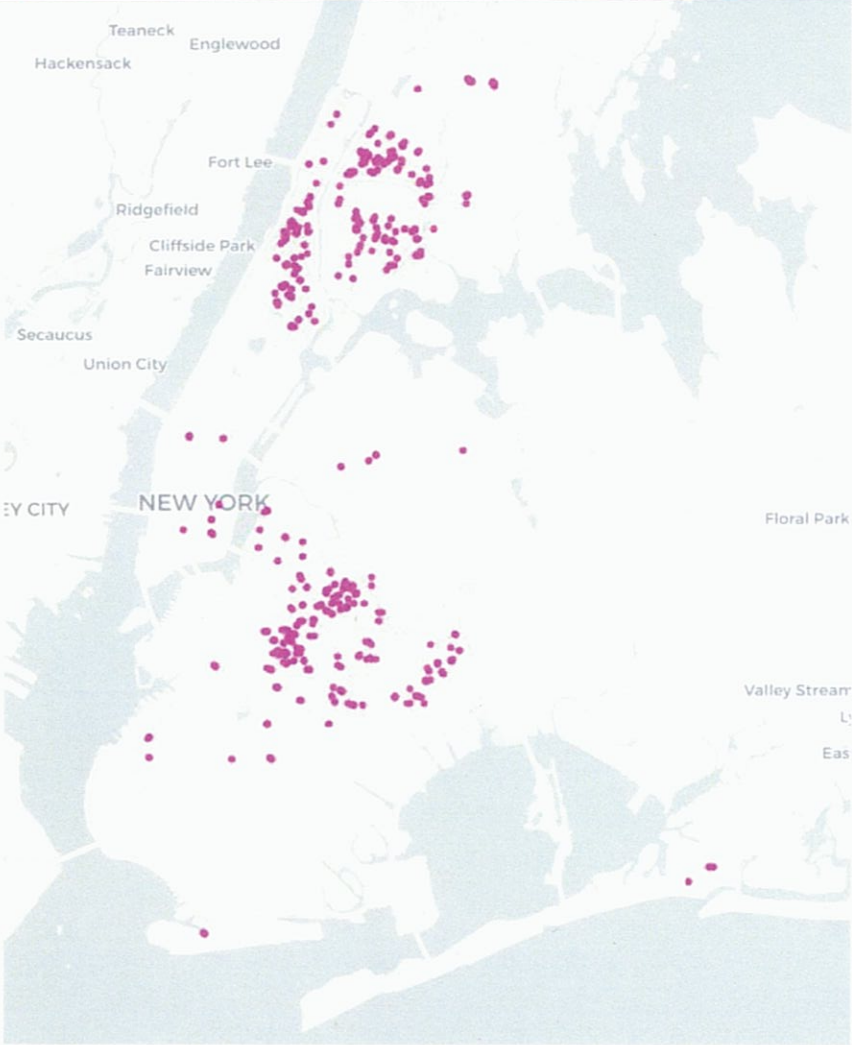
The Third Party Transfer Program is a public-private partnership created by New York City local law to rehabilitate buildings with significant delinquent municipal charges and poor housing conditions, and to ensure that residents remain in place with affordability and rent stabilization protections.

Under the program, DOF and the **Department of Housing Preservation and Development (HPD)** work together to resolve a property's outstanding charges and violations. If the charges cannot be resolved, the property is subject to foreclosure, after which ownership is transferred directly to a non-profit organization and an affordable housing developer is identified.

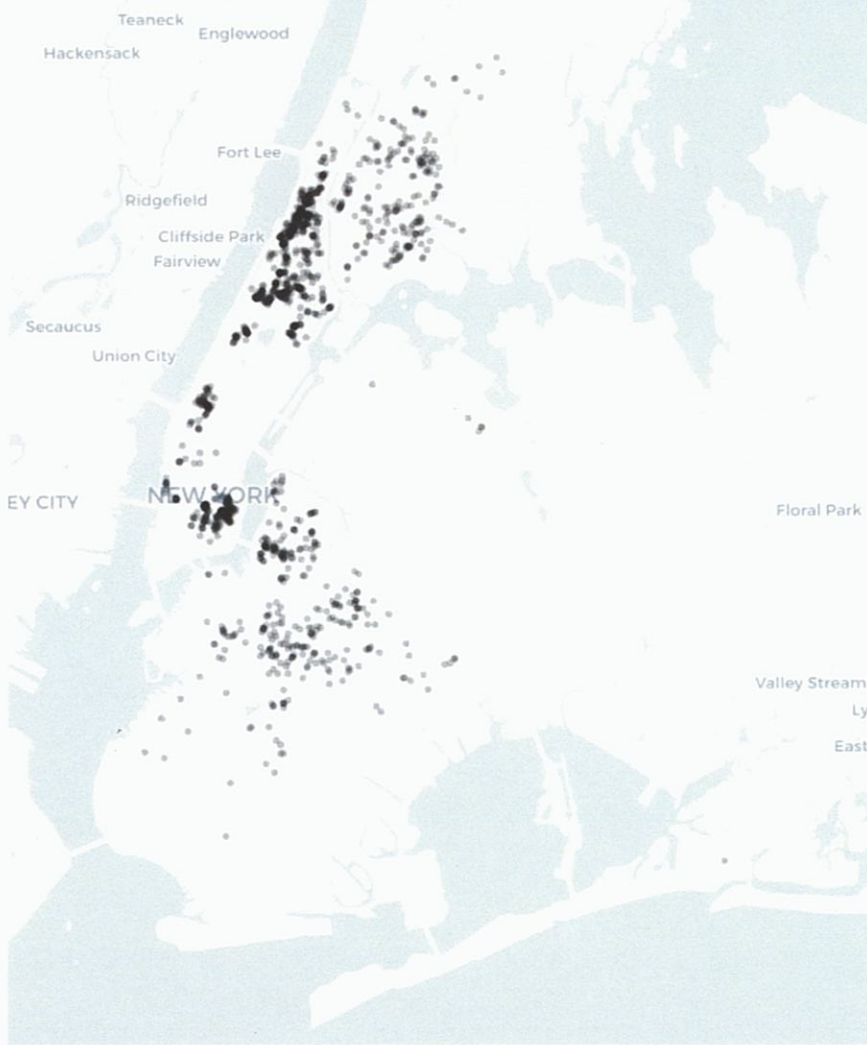
Your property can become subject to foreclosure under the Third Party Transfer Program if:

- Your property taxes and other property-related charges are unpaid for an extended period of time.
- Your property is deemed to be a distressed property by HPD. A property can be deemed distressed if it is in tax class one or two and:
  1. It is subject to ECB tax liens of an amount greater than or equal to 25 percent of the property's value; or
  2. The amount of tax liens on the property is greater than or equal to 15 percent of the property's value and the property has one of the following:
    - An average of five or more hazardous or immediately hazardous violations of the housing maintenance code per dwelling unit; or
    - \$1,000 or more in unpaid Emergency Repair Program charges.

# Properties Selected for TPT Round 10



# HDFC Properties in New York City



## HPD on HDFCs

“Round 10 of the TPT program included about 100 HDFC coops. *We anticipate Round 11 of TPT will include even more HDFC coops.*”

– HPD to Council, January 2017

## Property 1

Neighborhood	University Heights- Morris Heights
Borough	Bronx
Market Value	\$439,000
Dwelling Units	2
Open B+C Violations	0
Open B+C Violations Per Dwelling Unit	0
Total DOF+DEP Charges	\$0
Lien to Value Ratio	0%





## Property 2

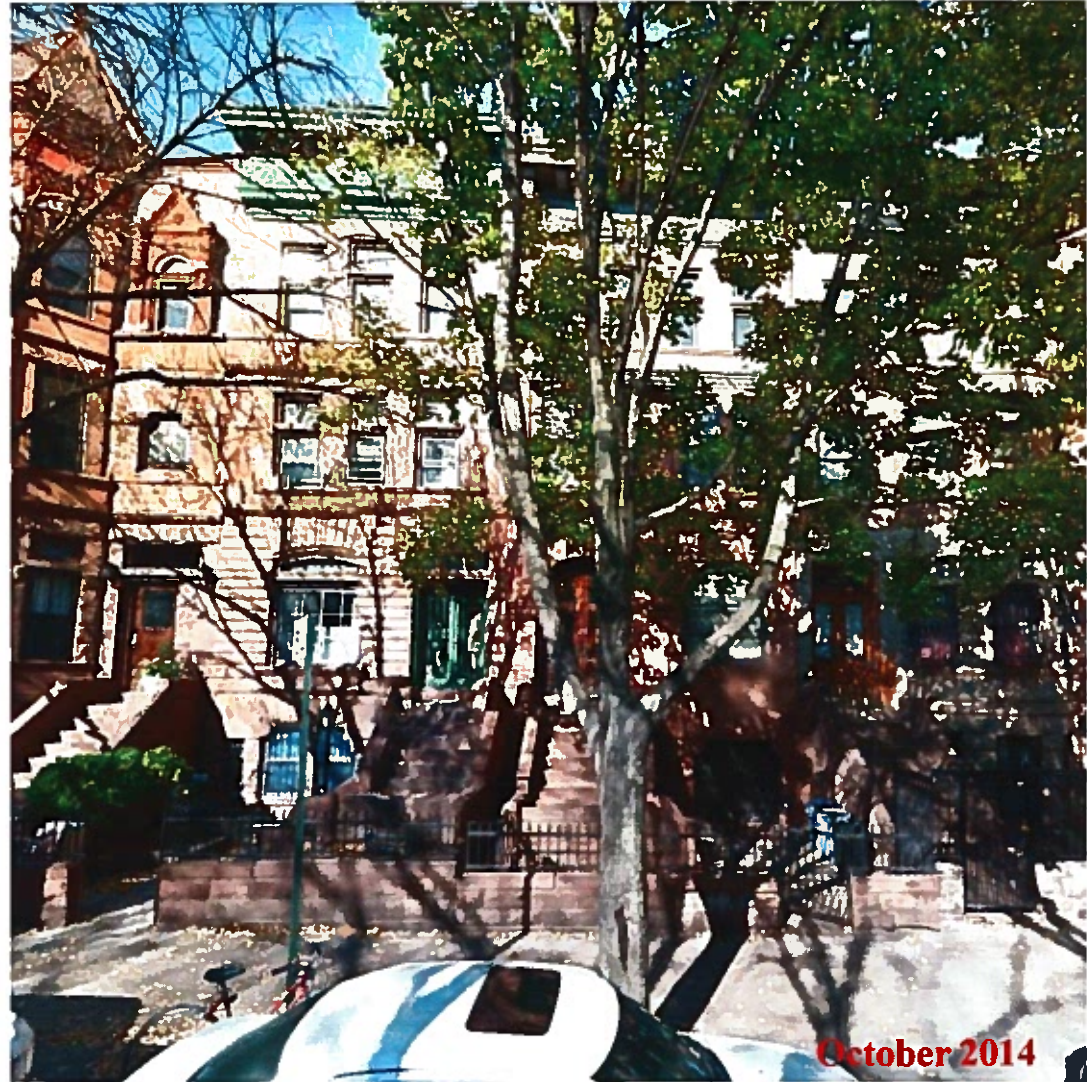
Neighborhood	Crown Heights North
Borough	Brooklyn
Market Value	\$295,000
Dwelling Units	9
Open B+C Violations	2
Open B+C Violations Per Dwelling Unit	0.22
Total DOF+DEP Charges	\$153
Lien to Value Ratio	0.1%





## Property 3

Neighborhood	Crown Heights North
Borough	Brooklyn
Market Value	\$370,000
Dwelling Units	7
Open B+C Violations	9
Open B+C Violations Per Dwelling Unit	1.29
Total DOF+DEP Charges	\$6,700
Lien to Value Ratio	1.8%



## Property 4

Neighborhood	Crown Heights North
Borough	Brooklyn
Market Value	\$1,310,000
Dwelling Units	39
Open B+C Violations	8
Open B+C Violations Per Dwelling Unit	0.21
Total DOF+DEP Charges	\$2,389
Lien to Value Ratio	0.2%





## Property 5

Neighborhood	Ocean Hill
Borough	Brooklyn
Market Value	\$340,000
Dwelling Units	6
Open B+C Violations	13
Open B+C Violations Per Dwelling Unit	2.17
Total DOF+DEP Charges	\$1,001
Lien to Value Ratio	0.3%



## Property 6

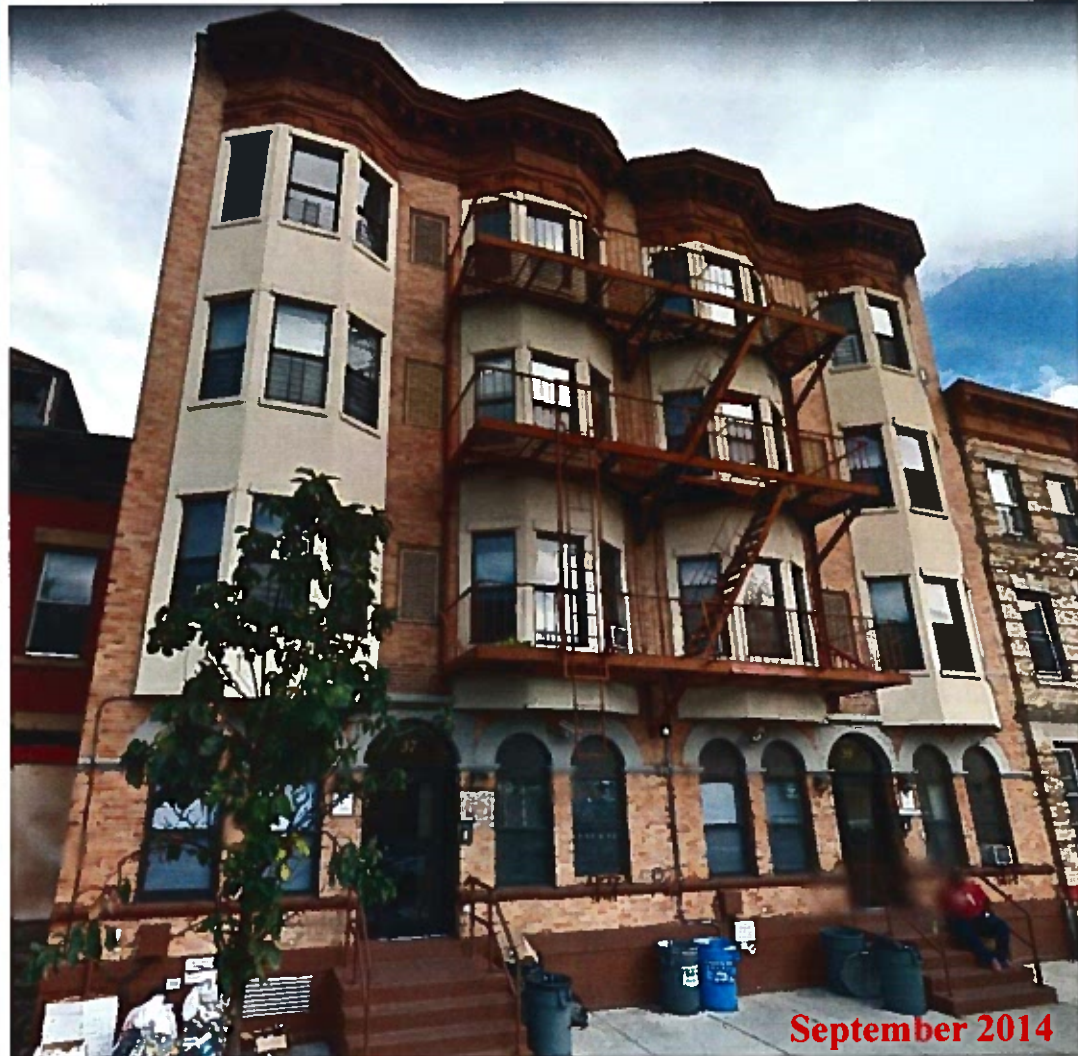
Neighborhood	East New York
Borough	Brooklyn
Market Value	\$206,000
Dwelling Units	6
Open B+C Violations	25
Open B+C Violations Per Dwelling Unit	4.17
Total DOF+DEP Charges	\$9,150
Lien to Value Ratio	4.4%





## Property 7

Neighborhood	Crown Heights North
Borough	Brooklyn
Market Value	\$295,000
Dwelling Units	9
Open B+C Violations	1
Open B+C Violations Per Dwelling Unit	0.11
Total DOF+DEP Charges	\$1,790
Lien to Value Ratio	0.6%





## Property 8

Neighborhood	Mount Hope
Borough	Bronx
Market Value	\$450,000
Dwelling Units	2
Open B+C Violations	0
Open B+C Violations Per Dwelling Unit	0
Total DOF+DEP Charges	\$11,918
Lien to Value Ratio	2.6%



# The Mayor's 2019 State of the City

“And *we'll get tough on the bad guys*. When the city's worst landlords cheat their tenants, we *will take their buildings away from them.*”

“My fellow New Yorkers, when a landlord tries to push out a tenant by *making their home unlivable*, a team of inspectors and law enforcement agents will be on the ground in time to stop it. *We'll use every tool we have*. We'll fine the landlords. We'll penalize the landlords. But if the fines and the penalties don't cut it, *we will seize their buildings.*”

# HPD's Goals for TPT

“TPT is an affordable housing preservation program for *distressed properties at risk of abandonment or speculation* by transferring properties to new responsible qualified owners.”

– HPD to Council, October 2018

# **FORECLOSURE NOTICE**

NYC Department of Finance to a Property Owner

July 14, 2015

**“As provided by law, *the ownership of said property may in due course pass to the City of New York or to a third party,* unless you pay the taxes and/or charges, or enter into an installment agreement(s) for payment of such taxes and/or charges, or interpose an answer in the in rem foreclosure action.”**



## In Rem Foreclosure Process: Notice of Final Judgment

**2015 –  
June 2019**

### 3. Notice of Final Judgment

- *Your property's foreclosure is coming soon.*
- You can still stop the foreclosure if you pay a large portion of the amount due as part of a payment agreement.

<http://web.archive.org/web/20180614133631/http://www1.nyc.gov/site/finance/taxes/property-in-rem-foreclosure.page>

**June 2019**

### 3. Notice of Final Judgment

- *The property will be transferred to a third party if you do not take action.*
- You can still stop the foreclosure if you enter into a payment agreement.

<https://www1.nyc.gov/site/finance/taxes/property-in-rem-foreclosure.page>



## In Rem Foreclosure Process: Notice

1. If you have outstanding charges and are at risk of foreclosure, the Department of Finance ***will send you numerous notices before the commencement*** of a foreclosure action.

- Notices are sent to your mailing address and to anyone else who has registered to receive your property's tax bills.
- ***The list of properties that are at risk of foreclosure is published in the City Record and two other newspapers.***
- ***Notices are also posted at DOF's business centers, the county clerk's office, and the county courthouse.***
- Notices include detailed contact information so that you can respond easily.
- You can avoid additional penalties and the foreclosure of your property if you contact the Department of Finance during this time.
- You can pay the full amount you owe or enter into a payment agreement.

<https://www1.nyc.gov/site/finance/taxes/property-in-rem-foreclosure.page>

**June  
2019**