

Plain Language for [Int. 612](#)
Tax Lien Sale Legislation (Int. 612, CM Ferreras, Menchaca, Torres, and Williams)
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Hearing held: January 8, 2015

To ensure that the tax lien sale is fair, efficient, and effective, Council Members Ferreras, Menchaca, Torres, and Williams introduced legislation that would do the following:

Section 1: Extends DOF Commissioner authority to sell tax liens

- 2 year extender. Authority ends on December 31, 2016.

Section 2: Properties tagged red and yellow by the Department of Buildings to indicate severity of damage due to SuperSorm Sandy, and Build It Back properties excluded from the lien sale. If erroneously sold, lien will be substituted for an equal value lien, or will be refunded the value of the lien.

Section 3: HDFC information

Clean up existing provisions in ad code relating to HDFCs. Removed language specifying HDFC sold in lien shall be deemed defective, rather simply prohibits their inclusion and provides that if erroneously sold, lien will be substituted for an equal value lien, or will be refunded the value of the lien.

Section 4: Not for profit information:

- Not for profits who received a 420-a, b, 446, and 452 property tax exemption in one of the last 3 fiscal years shall receive the following information in the 90, 60, 30, and 10 day notice
 - Initial and renewal application process
 - Actions property owner can take when noticed for the lien sale, including adjustment or cancellation of back taxes.
 - Information can be translated upon request(Russian, Chinese, Korean, or Spanish)

Section 5: Quarterly Lien Servicer Property Status report and outreach sessions

Subdivision I: Property Status Report by Lien Sale servicer

Report to Council detailing status of tax lien, including: Foreclosure information; if property entered into a payment agreement; and if lien was deemed defective, and reasons for such determination.

For each property referenced in the report, the following property details must be provided:

- Property tax class
- Description of tax liens
- Amount of lien
- Cost of advertisements and notices
- Amount of surcharge, penalties and interest

Subdivision J: DOF, HPD, and DEP Outreach Sessions

- Allows CMs to request outreach sessions with HPD, DEP, and DOF. Session will be provided at agency discretion
- Scope of session
 - What property owners can do if lien is sold
 - Type of debt that can be sold
 - Informing attendees of their right to enter into such agreement with no money down for a term of 10 years
 - Credits and property and property tax exemption available
- Subdivision J: Report on Outreach Session provided no later than 90 days after lien sale, detailing:
 - Number of outreach sessions performed
 - Number of payment agreements begun
 - Number of property tax applications begun
 - Number of attendees in each session.

The report and the results of the outreach session shall be disaggregated by Council district.

Section 6: Extenuating circumstances language on payment agreement form no later than March 1, 2015

- Language on form will inform property owner (or other eligible person) that if he or she defaults on a payment agreement, then such owner will be prevented from entering into another payment agreement for 5 years UNLESS extenuating circumstances exist (payment plan will have definition of payment agreement). Extenuating circumstances include: Loss of income of signatory or contributing household member due to:
 - death,
 - away from home more than 6 months
 - Hospital more than 6 months; or
 - Court order

Section 7: Temporary Task Force.

- Members:

- 10 Members: 5 Admin (Mayor, OMB, DOF, HPD, and DEP); 5 Council
- Appointments no later than 60 days after enactment of local law
- Task Force Tenure: Until report is issued or DOF authority is reauthorized
- Administrative staff: Admin
- The Chair of the Task Force will be selected by the Members.
- Goal:
 - Ensure that the tax lien sale process is fair, efficient and effective.
- Scope:
 - Consideration of administrative and legislative changes that would:
 - Minimize non-payment of charges that are subject to the lien sale, including increasing awareness of, and participation in, tax benefit programs;
 - Maximize the collection of debt owed to the City;
 - Redefine the type of debt that is eligible for the lien sale; and
 - Any other matter that the task force deems relevant to the fair, efficient, and effective implementation of the tax lien sale process.
- Meeting Frequency
 - At least quarterly, beginning September 1, 2015
- Task Force Report to Mayor and Council
 - Due: September 1, 2016
 - Content:
 - Recommendations on administrative and legislative changes to improve fairness, transparency, efficiency, and effectiveness of the lien sale process, and finding and factors to supports such recommendation;
 - Evaluation of payment agreements
 - Impact of the tax lien sale process on affordable housing; and
 - Any other information deemed necessary by the task force.

Section 8: Effective Date

- Immediately, retroactive to January 1, 2015

It is important to note that while not in the legislation, the Administration has committed to provide DEP customers with the option of monthly billing before July 1, 2015.