



Testimony of Habitat for Humanity New York City

**To the New York City Council
Finance Committee**

**A Local Law to amend the administrative code of the city of New York, in
relation to the sale of tax liens.**

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Testimony respectfully submitted by:
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Good afternoon. My name is Katrell Lewis, Director of Advocacy for Habitat for Humanity New York City. Thank you to Chairman Dromm and members of the committee for holding this important hearing.

Habitat for Humanity New York City was founded in 1984 as an independent affiliate of Habitat for Humanity International. Through our home construction and preservation programs, we have served our beloved city for thirty-six years and have served more than 1,500 families across all five boroughs. Our mission is to build and preserve affordable homes for ownership with families in need, but we also strive to unite all New Yorkers around the cause of affordable housing. In this regard and in the effort to advance good municipal finance policy that aligns with ethical and progressive housing policy, - Habitat for Humanity New York City strongly opposes the reauthorization of the tax lien sale as currently written.

The NYC tax lien sale is outdated and disproportionately harms the communities we serve and with whom we partner. These are low-income and communities of color, the same communities that have been hard hit by the Covid-19 pandemic, predatory lending and high rates of foreclosures by service providers – as can be seen in research conducted by our colleagues at the Center for NYC Neighborhoods. As a member of the Coalition for Affordable Homes, we stand with our fellow housing advocates in support of a replacement framework for property charge collection that balances the City's need to incentivize timely property tax payments with the necessity of preserving affordable housing wherever possible.

While many of my colleagues have likely highlighted the inequities and hardships the existing tax lien sale puts on our cities more vulnerable homeowners, I want to highlight a particularly troubling aspect of the lien sale that pertains to our efforts to create affordable homeownership in the City. As an affordable housing developer, my testimony today seeks to specifically highlight the vacant properties included in the tax lien sale in order to highlight how this system is not designed with our housing crisis in mind.

In the last renewal legislation, City Council mandated the Department of Finance (DOF) list the eligible vacant lots within the tax lien sale. According to DOF, as of November 9, 2020, the City of New York was prepared to sell the liens of 283 vacant lots. These vacant lots are in every borough and are represented by 42 members of the Council. So rather than holding the existing outstanding tax debt and moving forward with a tax foreclosure on vacant property that could be developed as affordable homeownership, the City is poised to sell the debt to private investors. If not redeemed, it would be the investors that would move forward to acquire these properties through foreclosure rather than the City for public use.

We believe the lien sale is a contradiction to our current housing crisis. Instead of selling the liens for these vacant properties, we encourage NYC to keep the liens and commence an in rem foreclosure process when appropriate. With the mandate to build affordable homeownership on these properties, we can create a 21st-century pipeline to address the homeownership racial gap in our city. This is how the City previously approached unpaid property taxes and it helped create the land pipeline for the last 40 years of affordable home building and preservation. This policy can also be used to build capacity for Community Land Trust by incentivizing development be in partnership with a local CLT and mission-driven non-profit developers.

The same approach prioritizing affordable housing development could and should be used in handling the delinquent tax debt of low-income homeowners. An affordable housing focused approach to tax-class 1 property tax collection could save the City millions of dollars by providing incentives and work-out-plans for existing homeowners to opt-in to permanently affordable homeownership as a means to clearing past debt and reducing future tax liability. The tradeoff were this to be conducted responsibly would result in permanently affordable homeownership opportunities being created out of existing market-rate housing stock for a fraction of the cost it takes to build a new unit of housing. It would fulfil the dual goal of stabilizing families while expanding the City's alternative market for low-income homebuyers.

The law authorizing New York City's lien sale is set to expire unless the City Council and the Mayor moves to reauthorize the program by passing and signing a bill. We strongly urge the Council to reform the current program and use the tax liens of New York City as an opportunity to invest in deeply needed affordable homeownership.

Please feel free to contact me if you have any questions regarding my testimony today. We look forward to expanding our partnership and impact with the City in serving low-income families in need of affordable homeownership.