

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON FINANCE

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HELD AT: Remote Hearing - Virtual Room 2

B E F O R E: Daniel Dromm
CHAIRPERSON

COUNCIL MEMBERS:
Alika Ampry-Samuel
Diana Ayala
Robert Cornegy, Jr.
Laurie Cumbo
Darma Diaz
Vanessa Gibson
Barry Grodenchik
Karen Koslowitz
Farah Louis
Stephen Matteo
Francisco Moya
Keith Powers
Helen Rosenthal
Jimmy Van Bramer

A P P E A R A N C E S (CONTINUED)

Jacques Jiha, Director
Office of Management and Budget

Kenneth Godiner, First Deputy Budget Director
Office of Management and Budget

Vincent Sapienza, Commissioner
Department of Environmental Protection

Joseph Murin, Chief Financial Officer
Department of Environmental Protection

Jeffrey Shear, Deputy Commissioner
Department of Finance

Michelle Jackson, Executive Director
Human Services Council

Devone Nash, New York City Resident

Aaron Weber, New York City Resident

Julia Duranti Martinez, Community Land Trust
Campaign Coordinator
New Economy Projects

Jacquelyn Griffin, Staff Attorney
Brooklyn Legal Services

Jennifer Levy, Attorney
Legal Aid Society

Ivy Perez, Policy and Research Manager
Center for New York City Neighborhoods

John Krinsky, Professor of Political Science
City College

Katrell Lewis, Director of Advocacy
Habitat for Humanity New York City

Hannah Anousheh, Coordinator
East New York Community Land Trust

Staff
Cypress Hills Local Development Corporation

Albert Scott
East New York Community Land Trust

Debra Ack
East New York Community Land Trust

Boris Santos, Treasurer
East New York Community Land Trust

Memo Salazar, Co-Chair
Western Queens Community Land Trust

Jan Lee, New York City Resident

Lyric Thompson, New York City Resident

Paula Segal, Senior Staff Attorney
Take Root Justice

Jason Bokor
Metropolitan Refunds

Lauren Mogul, New York City Resident

Ezra Schwartz
New York Water Management

Mark Schwartz
New York Water Management

Hershel Weiss, Blogger
WaterWatchNYC.com

Jan Mantell
Waste Water Prevention

2 SERGEANT-AT-ARMS: Sergeants, you can begin
3 your recording. PC recording is running.

4 SERGEANT-AT-ARMS: Cloud recording is on.

5 SERGEANT-AT-ARMS: Mr. Chair, are you ready
6 to get started?

7 CHAIRPERSON DROMM: Yes.

8 SERGEANT-AT-ARMS: All right. Then, Mr.
9 Sakeem, if you could take us away.

10 SERGEANT-AT-ARMS: Yes. Good afternoon and
11 welcome to today's New York City Council hearing of
12 the Committee on Finance. At this time, would all
13 panelists please turn on their videos? To minimize
14 disruption, please place electronic devices on
15 vibrate or on silent mode. If you wish to submit a
16 testimony, you may do so at
17 testimony@council.nyc.gov. Again, that is
18 testimony@council.nyc.gov. Thank you for your
19 cooperation. We are ready to begin, Chair.

20 CHAIRPERSON DROMM: Thank you. Good
21 afternoon and welcome to today's hearing of the New
22 York City Council's Committee on Finance. My name is
23 Daniel Dromm and I am the Chair of this committee.
24 We have been joined by Majority Leader Matteo and
25 Council members Adams, Grodenchik, Powers, Ampry-

2 Samuel, Louis, and Rosenthal. Today, the committee
3 will be holding a hearing on three topics. First,
4 oversight of the city's November 2020 financial plan
5 update. Second, a pre-considered introduction
6 sponsored by Council member Adams by request of the
7 mayor related to the city's tax lien sale. Third,
8 Introduction 2046, sponsored by Council member Lander
9 related to the capital commitment plan and capital
10 project detail data reports. Before we begin, I
11 would like to give a special welcome to the new
12 Director to be Office of Management and Budget,
13 Jacques Jiha, who is testifying before this committee
14 for his first time in this new role. I have had the
15 pleasure of working closely with Director Jiha in his
16 prior position as the Commissioner of Finance and I
17 look forward to continuing our productive
18 relationship now that he assumed leadership of OMB.
19 I will start with an overview of the November
20 financial plan. The fiscal 2021 budget, as of the
21 November plan, is 92 billion dollars, which is 3.8
22 billion more than the fiscal 21 budget at adoption.
23 Most of this increase is from the recognition of 2.7
24 billion dollars in federal Covid reimbursement. The
25 budget caps for the out years-- I'm sorry-- remains

2 sizable with the fiscal 2022 Standing at 3.8 billion
3 this Be closed by the release of the preliminary
4 budget in January. New needs for fiscal 2021 totals
5 650.6 million dollars of which 401.8 million dollars
6 is for the Department of Education and the projected
7 budgeted height count is modestly reduced in each
8 year of the plan by approximately 500 to 1000
9 positions each year. Today, we have questions about
10 what is included in the plan, but we also vote to
11 learn more about issues that are not laid out in the
12 budget documents. New York City has a reputation for
13 proactive budgeting, namely, budgets that tried to
14 present an accurate estimate of spending and revenues
15 across the plan period. We don't see that happening
16 in this financial plan. In particular, this
17 financial plan does not make a lot of movement
18 towards addressing the many issues the city is facing
19 as a result of Covid. For example, the plan shows
20 minimal progress towards closing the budget gap for
21 fiscal 2022. It does not address the severe and
22 catastrophic problems facing the city's small
23 businesses, nor does it show the complete cost
24 changes reflective of the new way schools have had to
25 teach this year. It, similarly, does not make any

2 adjustments for increased state risks to the budget.

3 We hope that, through today's testimony and questions,

4 we can shed light on those issues, as well as gain

5 more clarity on the 656.7 million dollars savings

6 from labor agreements that the administration has

7 announced since that option. Turning to the lien

8 sale, the pre-considered intro that is being heard

9 today is being introduced by request of the Mayor and

10 is sponsored by Council member Adams. The bill

11 requests that the Council extend the authority for

12 the city to sell the liens for an additional four

13 years and would also exempt certain Covid 19

14 impacted class I homeowners from the 2021 lien sale.

15 I will let Council member Adams speak in more detail

16 on this bill, but before I turn it over to her, I

17 will note that I know that the administration feels

18 very strongly that the lien sale authority be

19 renewed. They contend it is an important enforcement

20 tool to prevent property tax, waterjet, and certain

21 emergency housing repair charge delinquency. I also

22 recognize, however, that, for many years, the Council

23 has been advocating for reforms to the lien sale, in

24 particular, to blunt its negative impact on low

25 income homeowners in communities of color. I hope

2 that, as we continue to negotiate changes to the lien
3 sale program and engage in vigorous debate about its
4 future, that we able to strike the right balance
5 between those interests and find a path that
6 satisfies the many interested parties. So, with a
7 very happy birthday to Council member Adams, I will
8 now pass it over to her to speak about this issue.
9 Council member Adams?

10 COUNCIL MEMBER ADAMS: Okay. I think I'm
11 finally allowed to unmute. Thank you so much, Mr.
12 Chair, and thank you so much for the birthday shout
13 out. I appreciate that. So, good afternoon,
14 everyone. I would like to start, once again, by
15 thanking Chair Dromm for allowing me to deliver
16 remarks. I want to make it clear what this hearing
17 is and what it is not. During today's hearing, we
18 will discuss pre-considered Introduction T 2020-6944
19 in relation to the sale of tax liens. It is
20 important for everyone to understand how we got here
21 and what this bill means. Simply stated, this
22 legislation is a placeholder, based on verbiage
23 suggested by the administration. This was necessary
24 in order for so that all voices are heard and are on
25 the record. We all know that, from its inception,

2 the lien sale has been rife with injustices which
3 disproportionately impact communities of color. I
4 have always been an advocate for change to this
5 process and that has not and will not change. I
6 didn't forget overnight that the lien sale
7 incentivizes predatory behavior. I didn't forget
8 that I have resided next door to a foreclosed
9 property for almost 15 years. I did not turn my back
10 on the fact that the current lien sale model
11 continues to increase the racial wealth and undermine
12 home stability in our city. My commitment to protect
13 and preserve low to moderate income homeownership in
14 our city still stands. Negotiations are ongoing and
15 will not stop until we get to a palatable bill that
16 changes the way that our city collects outstanding
17 debts. So, with that, I want to thank the Governor
18 for his executive order to pause the lien sale. I
19 want to thank all the advocates and CBO's for your
20 tireless work. Your knowledge, your commitment, and
21 your compassion to the cause of equitable housing for
22 all New Yorkers and I look forward to your testimony.
23 We have a long way to go with this legislation
24 continues to evolve. In the next phase of
25 negotiations with the administration, I hope to

2 further a partnership not only with people on the
3 ground, but also with my colleagues so that the final
4 product will make lasting and positive change for New
5 York. Thank you, Mr. Chair.

6 CHAIRPERSON DROMM: Thank you very
7 much, Council member Adams. We have been joined by
8 Council member Gjonaj and Gibson and, lastly, we have
9 Intro 2046, sponsored by Council member Lander, which
10 would make clarifying changes to the city Charter's
11 language regarding the requirements and timelines of
12 producing the tri-annual Capital Commitment Plans and
13 the Capital Project Detailed Data Reports. We will
14 no hear testimony from Jacques Jiha, the Director of
15 OMB. Director Jiha is joined by Kenneth Godiner, the
16 First Deputy Budget Director, Vincent Sapienza, the
17 Commissioner of the Department of Environmental
18 Protection, Joseph Murin, the Chief Financial Officer
19 of the Department of Environmental Protection, and
20 Jeffrey Shear, Deputy Commissioner of the Department
21 of Finance. Before we hear from them, I will ask
22 Stephanie Ruiz, the committee counsel, to give some
23 procedural instructions and then swear in the
24 witnesses. Stephanie?

2 COMMITTEE COUNSEL: Thank you, Chair.

3 I am Stephanie Ruiz, counsel to the city Council's
4 Committee on Finance. Before we begin, I want to
5 remind everyone that you will be on mute until you
6 are called to testify, at which point you will be
7 unmuted by the zoom host. I will be calling on
8 panelists to testify. Please listen for your name to
9 be called on as I will periodically announce who the
10 next panelist will be. We will first hear testimony
11 from the administration which will be followed by
12 questions from the Council members, followed by
13 members of the public. I will now administer the
14 oath. Please raise your right hands. Do you affirm
15 that your testimony will be truthful to the best of
16 your knowledge, information and belief? Mr. Jiha?

17 DIRECTOR JIHA: Yes.

18 COMMITTEE COUNSEL: Mr. Godiner?

19 KENNETH GODINER: I do.

20 COMMITTEE COUNSEL: Mr. Sapienza?

21 COMMISSIONER SAPIENZA: I do.

22 COMMITTEE COUNSEL: Mr. Murin?

23 JOSEPH MURIN: I do.

24 COMMITTEE COUNSEL: And Mr. Shear?

25 JEFFREY SHEAR: I do.

1 COMMITTEE ON FINANCE

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2 COMMITTEE COUNSEL: Thank you. You may
3 begin when ready.

4 DIRECTOR JIHA: Well, thank you, Chair
5 Dromm, for the kind words and I'm also looking
6 forward to working with you in the months ahead. And
7 I also want to the members of the Finance Committee
8 and members of the city Council for the opportunity
9 to testify today concerning the fiscal year 2021
10 November financial plan and the tax [inaudible
11 00:11:45] automatization. My name is Jacques Jiha
12 and I'm the Director of the New York City Mayor's
13 Office of Management and Budget. I'm joined today by
14 OMB First Deputy Director, Ken Gardner, Vincent
15 Sapienza, the Commissioner of DEP, Jeff Shear, DOF
16 Deputy Commissioner. Following the pause implemented
17 last spring, the city's economy and revenue collapsed
18 overnight. We advised them our tax revenue
19 projections by 9 billion dollars. Meanwhile, the
20 city had to span billions of unplanned and unbudgeted
21 dollars towards the way of the pandemic. If it were
22 not for the record reserves built by this
23 administration and the Council and the [inaudible
24 00:12:37] we achieved, the city could not have dealt
25 with the sharp decline in revenue without substantial

2 cuts to vital services and major layoffs. So, some
3 fiscal management remain key to our fiscal Covid
4 plan. This means making cautious revenue estimates,
5 focus on savings and building and maintaining
6 reserves. The November plan reflects a continuation
7 of this strategy. The fiscal year 2021 budget is
8 only 2 billion dollars and demands balance. It is
9 3.8 billion dollars [inaudible 00:13:17] adopted in
10 June. Budget growth is primarily driven by FEMA
11 reimbursable costs and other federal Covid-related
12 grants that the city used to save lives and keep New
13 Yorkers healthy and safe. We also invested in
14 reopening schools, which is not only great for
15 children and parents, but also a crucial step in
16 safely reopening the city's economy. The other
17 driver of the budget goal is higher than expected tax
18 [inaudible 00:13:53]. While the city's revenue has
19 declined as the economy sweltered, the city avoided
20 steeper declines in tax revenue collections because
21 of the beneficial effects of the first round of the
22 federal stimulus which included unemployment
23 benefits, tax rebate checks, and business loans.
24 Specifically, the budget recognized 748 million
25 dollars in better than expected collections,

2 primarily in personal income and business taxes which
3 are offset by a decline in non-tax revenue for an
4 overall change of 613 million dollars. We have also
5 achieved the largest November two-year savings plan
6 of this administration: 1.3 billion dollars that
7 completely offsets new city spending of just under
8 780 dollars in those same years. We have build on
9 these savings throughout the year. At adoption, the
10 Mayor committed to achieving 1 billion dollars in
11 annual labor savings as a gap-closing measure. Since
12 June, the administration has reached just over 720
13 million dollars for the current fiscal year. This
14 includes furloughs of all 9500 managerial and non-
15 represented city employees, which has saved 20
16 million dollars. We will continue to work with labor
17 unions to identify savings that help balance the
18 city's budget. Another pillar of strong fiscal
19 management is building and maintaining reserves. In
20 the November plan, we main 2.8 billion dollars in
21 this fiscal year and, for the first time, the city
22 will have a true rainy day fund. I appreciate your
23 partnership in providing another tool that
24 strengthens this city's financial management which
25 has a balance of near 500 million dollars. As we

2 proceed to the preliminary budget, it is important to
3 recognize the headwinds we face from Washington and
4 Albany. While Covid spending has ramped up to more
5 than 5.2 billion dollars, federal support has been
6 insufficient and is actually lessening. FEMA
7 recently changed its policies through strict
8 reimbursable activities. For instance, the agency
9 has refused to fund PPE for teachers and additional
10 disinfection necessary to allow schools to reopen
11 safely. Federal changes are not only limited to new
12 costs, but also some costs incurred at the height of
13 the emergency. Further, the federal government will
14 not support certain proactive safety measures which
15 complicated reparation for a second wave. These
16 changes put 350 million to a billion dollars at risk.
17 Stimulus from Washington was a crucial lifeline to
18 New Yorkers that provided more than 40 billion
19 dollars in unemployment benefits, rebate checks, and
20 business loans. We are optimistic that further
21 federal stimulus is likely with incoming Biden
22 administration, though the timing and size is
23 unknown. [inaudible 00:17:33] to manage Covid
24 increased the state's already troubled financial
25 condition. Facing the 14.9 billion dollar gap in

2 this current fiscal year, Albay has threatened severe
3 cuts to localities. We could lose billions of
4 dollars used to educate our children and fund safety
5 net programs for the most vulnerable New Yorkers.
6 Another risk we are facing is the slow economic
7 recovery. Monthly private sector job growth has
8 declined steadily from a high of 105,000 jobs in June
9 to about 14,000 jobs in October, but despite these
10 [inaudible 00:18:13], we are making steady progress
11 towards recovery and a vaccine is on the horizon. We
12 will continue to push the city towards recovery
13 because when activity resumes, we'll be stronger and
14 more resilient than ever before. Before I conclude,
15 I want to address the city's tax lien sale. This is
16 a very difficult issue for New Yorkers, the city
17 Council, and the administration. People are
18 struggling and no one wants to add to the pain and
19 challenges that they face, in particular during this
20 pandemic. That is why we are working with you to
21 create a new fairer program to help property owners
22 who are facing difficult times. We have had a robust
23 conversation already with some of you about concerns
24 regarding the debt threshold, the income eligibility
25 threshold for [inaudible 00:19:20], the breadth of

2 outreach, and the challenges that homeowners face
3 trying to navigate the system generally. We are
4 committed to working with you to address these issues
5 as we go to the [inaudible 00:19:35] process. We
6 also know that in this pandemic, people are finding
7 it much harder to get by. That is why would
8 [inaudible 00:19:47] include Covid relieve for
9 homeowners and it is our goal to apply this broadly
10 and with compassion. We find no pleasure in putting
11 anyone's property in the lien sale which we see as a
12 last resort. The very last resort that we turn to
13 only after we have used every tool at our disposal
14 and have tried everything that we can to avoid.
15 Before a property is put on the lien sale list, we
16 conduct extensive outreach to contact the homeowners
17 and help them avoid a bigger problem. The city's
18 goal is to advise New Yorkers of their rights and
19 give them the opportunities to resolve the lien
20 before the property is on the lien sale list when it
21 is too late. If a property owner is sent five
22 notices of an impending lien, the first is a pre-
23 notice letter sent four months before the property is
24 placed in a tax lien sale. Owners are then given a
25 range of options and advised to call the Department

2 of Finance immediately. If there is no reply, we
3 send four more notices before a lien is filed. If
4 someone cannot make payments due to extenuating
5 circumstances, we will work with them to design a
6 flexible payment plan that meets their individual
7 needs. We offer two primary options to help eligible
8 homeowners repay outstanding taxes. Our standard
9 payment plan requires zero down and allows property
10 owners to stretch their payment out for up to 10
11 years. For those homeowners who are facing serious
12 challenges, we work with the Council to create the PT
13 Aid program which allows qualifying owners to defer
14 their property taxes and remain in their homes.
15 Additionally, DOF, the Department of Finance, began
16 offering an option for all property owners to pay
17 their taxes months instead of quarterly or
18 semiannually in order to help participating
19 homeowners to better manage their finances. Taken
20 together, these payment options seek to help our city
21 homeowners manage through difficult time while
22 ensuring that we are able to collect the revenue to
23 provide the vital services that our communities
24 depend on. In sum, we work very hard to avoid lien
25 sales, but without renewing the lien sale authority,

2 the city loses a critical enforcement tool that
3 encourages the prompt payment of municipal charges.
4 We need these funds to deliver the quality program
5 and services New Yorkers need and expect, like Pre-K
6 for all, street and sidewalk cleaning, snow removal,
7 trash collection, and so on. as I've discussed
8 earlier, the city faces many challenges. Failure to
9 renew the lien sale authority could cause additional
10 harm by damaging our fiscal health and jeopardizing
11 our credit ratings. We understand and share the
12 Council commitment to protecting struggling
13 homeowners and making sure that the city has the
14 resources it needs to fund critical programs and
15 services. In light of this, we appreciate your
16 partnership in creating a new Covid protection
17 program for the 2021 lien sale and, respectfully,
18 request your support. Finally, we support the
19 legislation, Intro 2046, and we look forward to
20 working with you on it. Thank you for the
21 opportunity to testify today. I look forward to
22 continuing the dialog in the months to come as we
23 work together to bring New York City back stronger
24 and fairer than ever before. Thank you.

2 CHAIRPERSON DROMM: Thank you very
3 much, Director Jiha. Before we move on to questions,
4 I just want to say that we have been joined by
5 Council members Van Bramer, Moya, Ayala, Cumbo, and
6 Cornegy. And, Director Jiha, corona case--
7 coronavirus cases are surging again in the city and
8 state and there's a fear that the holidays could
9 potentially lead to a spike come next year. While
10 the infection and hospitalization rates remain lower
11 in the city, compared to upstate as of December 7th,
12 Governor Cuomo warned that there would be another
13 shutdown if hospitals become overwhelmed again. What
14 risks does a significant surge in cases and a
15 possible shutdown pose to the revenue plan and the
16 need for additional related city-funded spending? Is
17 any of this risk reflected in the November plan?

18 DIRECTOR JIHA: Well, there is a risk
19 that the economy would slow down as a result of a
20 possible, partial shutdown, but the November plan
21 unrecognizes tax collection actually received in the
22 first quarter of 2021. Going forward, we will focus
23 on savings. We are also stressing the need for
24 additional federal aid. If that doesn't materialize,
25 we need to consider difficult budget decisions.

2 CHAIRPERSON DROMM: So, you have a plan
3 to deal with the impact after another shutdown and
4 what the impact would be on in terms of our revenues?

5 DIRECTOR JIHA: Well, as I said, if
6 there is-- and at this point in time, no one knows
7 for sure what's going to happen, but if there is a
8 potential shutdown or partial shutdown of the
9 economy, there is a likelihood that, you know, the
10 economy may slow and, in which case, as I said, we
11 will continue to push for federal aid and, if that
12 doesn't materialize, we will have to make some very
13 tough budget decisions.

14 CHAIRPERSON DROMM: Okay. So what I'm
15 hearing is, basically, that we desperately need that
16 federal aid in order to move forward should be have--
17 well, we need it anyway no matter what, but I think
18 that we would need it even more should we face
19 another shutdown.

20 DIRECTOR JIHA: Yep. That's correct.

21 CHAIRPERSON DROMM: Okay. The fiscal
22 adopted 2021 budget had a million dollar placeholder
23 for unspecified labor savings. After the budget was
24 adopted, the administration announced agreements with
25 the labor unions to save 657.7 million dollars,

2 largely by moving planned fiscal 21 payments into
3 fiscal 22. If the payments still need to be made in
4 fiscal 22, can these really be called a savings or is
5 this just kicking the can down the road?

6 DIRECTOR JIHA: Well, from our
7 perspective, these deferred agreements provide the
8 city with approximately 722 million dollars of
9 cashflow relief in fiscal year 2021. You know, so
10 you could say from the [inaudible 00:27:53]
11 perspective, even though we're going to have to,
12 basically, recognize those expenses in 2022, but
13 given the situation, the financial difficulty the
14 city was dealing with in fiscal year 2021 when no one
15 knew for sure what was going to happen. So it was in
16 our best interest to try to maximize as much cash
17 that we have in the bank as possible to meet our
18 obligations on a day-to-day basis.

19 CHAIRPERSON DROMM: So, Director, also,
20 the adopted budget assumed a 1 billion dollar savings
21 and the plan-- what's the plan then to achieve the
22 remaining-- I guess it's 342.2 million in savings.
23 You spoke about 657.7 million, but what about that
24 remaining 342.2 million?

2 DIRECTOR JIHA: We continue to work with
3 the labor union partners, you know, to achieve and
4 meet the FY 21 saving targets that we have.

5 CHAIRPERSON DROMM: So, you're looking
6 to see a further savings from labor agreements?

7 DIRECTOR JIHA: Labor unions. Yes.

8 CHAIRPERSON DROMM: And that would
9 equal the 1 billion dollars.

10 DIRECTOR JIHA: Exactly.

11 CHAIRPERSON DROMM: Okay. So, in terms
12 of the federal stimulus, the November plan recognized
13 more than 2.2 billion dollars in federal Covid-19
14 related funding for fiscal 21. In addition, there is
15 bipartisan coronavirus aid package currently under
16 consideration by congress. According to the
17 Washington Post, the package would allocate about 160
18 billion dollars in aid to states and localities, if
19 enacted. Senator Schumer has described the package
20 as Covid relief, rather than a stimulus. So, first,
21 can you break down the 2.2 billion in federal Covid
22 funding that was included in the plan?

23 DIRECTOR JIHA: It's actually 2.8
24 billion dollars that we include in the plan. FEMA

2 accounts for 1.5 billion dollars and stimulus is
3 about 1.3 billion dollars.

4 CHAIRPERSON DROMM: Okay. And can you
5 describe the importance of the city receiving the
6 federal aid and do you currently have any estimates
7 on how much the city could get from this package?

8 DIRECTOR JIHA: I mean, as I [inaudible
9 00:30:13] to you before, you know, are trying to
10 avoid making painful choices. And to the extent that
11 we could secure federal funding, federal aid, it
12 would be very useful-- very helpful-- for the city
13 and for the city economy, in general, because a
14 stimulus is a great way to stimulate the city's
15 economy. To speed up the city's economy. The city's
16 recovery. As far as we don't have any statement at
17 this point in time because we don't have any details
18 of the bill, so, as we get more information, we will
19 be more than happy to share them with you.

20 CHAIRPERSON DROMM: Okay. Thank you,
21 Director. Let's talk a little bit about school
22 technology. The November--

23 DIRECTOR JIHA: Sure.

24 CHAIRPERSON DROMM: plan doesn't add
25 any funding to the DOE's budget for technology to

2 support remote instruction and the five year capital
3 plan amendment does not propose an increase to the
4 total five year 750 million dollar budget for all
5 technology that had been set prior to the pandemic.
6 The DOE reportedly spent more than 530 million on
7 iPad in the spring alone. So what is the total
8 fiscal 2021 budget for school technology including
9 devices and services related to remote learning
10 broken down by expense and capital spending.

11 DIRECTOR JIHA: So far, we have approved
12 nearly 200 million dollars in capital and about 200
13 million dollars in expense to support remote
14 learning. And I should also say that-- or mention
15 to you that the expense funds are basically supported
16 by federal dollars. To date, we have approved about
17 461,000 devices and we continue to work with the
18 agency as we continue to identify unmet demand.

19 CHAIRPERSON DROMM: Commissioner, why
20 doesn't the November plan show changes related to the
21 report learning technology?

22 DIRECTOR JIHA: We received about 60
23 million dollars in federal city funding which will
24 reflect in the budget.

25 CHAIRPERSON DROMM: Which will what?

2 DIRECTOR JIHA: Be reflected in the
3 budget.

4 CHAIRPERSON DROMM: Okay. Where's the
5 addition for internet connectivity in family
6 shelters? Is that in the budget? We don't see
7 that.

8 DIRECTOR JIHA: It will be reflected.
9 We're currently reviewing this proposal and it will
10 be reflected in the general financial plan.

11 CHAIRPERSON DROMM: Okay. How much
12 funding will it take to ensure that all students and
13 teachers are properly equipped with both devices and
14 internet service?

15 DIRECTOR JIHA: Well, we have made
16 funding these devices a priority and I can assure you
17 that we are leveraging out buying power as a major
18 city as much as possible and, you know, so to-- our
19 goal is, basically, to provide every single one of
20 students and teachers all the equipment and
21 technology that they need to continue to educate our
22 children.

23 CHAIRPERSON DROMM: So is there a
24 budgeted amount or you just will make sure that
25 everybody gets what they need and--

2 DIRECTOR JIHA: As the demands-- as the
3 requests come in, we will review them and make sure
4 they approve them because this is a priority for us.

5 CHAIRPERSON DROMM: So, as the need
6 arises, you'll move forwards--

7 DIRECTOR JIHA: We will review and make
8 sure that they have resources available.

9 CHAIRPERSON DROMM: Okay. Let me just
10 talk a little bit about the NYPD budget. The budget
11 was adopted with an agreement between the Mayor and
12 the Council to reduce the NYPD's budget by 1 billion,
13 however, the adopted budget only showed a reduction
14 of 420 million for fiscal 21 and 82 million of fiscal
15 22. Furthermore, the November plan actually adds to
16 the NYPD's budget and doesn't show additional
17 reductions. So, why are the reductions that were
18 negotiated as part of the fiscal 21 budget deal not
19 fully reflected in the city's budget?

20 DIRECTOR JIHA: So, as you know, these
21 transfers are very complicated and, you know, the
22 Mayor made it clear last year-- I mean, that the SSA
23 was a two year process and that we would work and
24 that SCG and traffic could be done this year. Those
25 operational--

2 CHAIRPERSON DROMM: [inaudible
3 00:34:46] SSA is the School Safety Agents and the
4 SCG--

5 DIRECTOR JIHA: Yes.

6 CHAIRPERSON DROMM: is the School
7 Crossing Guards, SCG.

8 DIRECTOR JIHA: Yes. Yes. Yes. Those
9 operational discussions have begun and we are not
10 holding up those pending-- the budget transfers--
11 and that when we have the [inaudible 00:35:04] of
12 that outcome will we affect those changes in the
13 financial plan that follows.

14 CHAIRPERSON DROMM: In 22?

15 DIRECTOR JIHA: In 22.

16 CHAIRPERSON DROMM: Okay.

17 DIRECTOR JIHA: Once we have the
18 contours of the outcome of the negotiations.

19 CHAIRPERSON DROMM: So, we're still
20 committed to those changes?

21 DIRECTOR JIHA: We're still committed.
22 You know, as I said, it's a complicated process, but
23 as the discussion, you know, gets to an end and we
24 have a better sense of what's involved, you know,
25 that would be affected in the financial plan coming.

2 CHAIRPERSON DROMM: And, Director, do
3 you know if negotiations in terms of the transfer of
4 that funding has begun or the training that's
5 necessary to move them over? Particularly the School
6 Safety Agents?

7 DIRECTOR JIHA: Discussions are taking
8 place at this point in time and, as I said, once we
9 have a better sense of where things are, they will be
10 reflected in the financial plan.

11 CHAIRPERSON DROMM: Okay. Let me go
12 move on to some lien sale questions and then I'm
13 going to open it up to my colleagues.

14 DIRECTOR JIHA: Sure.

15 CHAIRPERSON DROMM: Several years ago,
16 the Council passed my legislation establishing the PT
17 Aid program. This program provides more flexible and
18 payment plan options for property owners who have
19 fallen behind in their tax bills. You mentioned, I
20 think, some of the options that folks have. Can you
21 provide the Committee an update on the number of
22 people enrolled in the PT Aid program?

23 DIRECTOR JIHA: Yeah. Currently, we
24 have about 187 people enrolled in the program, you
25 know? And I believe the Department of Finance is

2 doing the best that they can to address a lot of the
3 concerns that the public has and that, basically,
4 stops them from participating in the program, one of
5 which is the income threshold which is a little bit
6 too low. Okay? Because, you know, it's hard for
7 someone in New York City to own a home and earn an
8 income of like 53,000 dollars. You know? [inaudible
9 00:37:04] 54,000 dollars. So we're working with the
10 Council to see what to do to basically raise the
11 income thresholds so to allow more people to
12 participate in the program.

13 CHAIRPERSON DROMM: That threshold now
14 is at 58,400. Am I correct?

15 DIRECTOR JIHA: 400. Yes. Yes.
16 Something like that. Yeah. Close to-- Yep.

17 CHAIRPERSON DROMM: All right. So we
18 look forward to continuing to work with you on that,
19 as well.

20 DIRECTOR JIHA: Definitely. Definitely.
21 It's a very, very solid program and I think it would
22 provide a lot of relief to a lot of people.

23 CHAIRPERSON DROMM: Okay. Thank you.
24 The PT Aid enrollees pay the exact same penalty
25 interest as property owners who are delinquent on

2 their property taxes and not working with the city to
3 address outstanding debt. Other tax jurisdictions,
4 including the IRS, provide partial relief from
5 penalties when taxpayers enter payment plans and stay
6 current on those plans. Would the city consider
7 doing the same for low and middle income property
8 owners in the PT Aid or even the regular payment
9 plans?

10 DIRECTOR JIHA: You're talking about the
11 penalties or you're talking about the interest?

12 CHAIRPERSON DROMM: The interest.

13 DIRECTOR JIHA: Oh, the interest.

14 CHAIRPERSON DROMM: All right.

15 DIRECTOR JIHA: The interest is already
16 low at five percent, okay? And the challenge that
17 we have, we've been dealing with-- lawyers have been
18 looking at these issues and it's very difficult to
19 have different interest rates for PT Aid than other
20 similarly situated properties. So, we continue to
21 look into it, but there are some legal challenges
22 that we need to overcome.

23 CHAIRPERSON DROMM: Okay. So, again,
24 we'd like to work with you on that and then move
25 forward also--

2 DIRECTOR JIHA: Yes. Definitely.

3 CHAIRPERSON DROMM: to see what we can
4 do there. Okay. So, let's go to a timeline there.
5 Traditionally, the lien sale process begins in
6 February with a 90 day notice being mailed out and
7 mostly ends around mid-May with the last day to pay.
8 Do you expect the city to keep that timeline if it
9 gets reauthorization?

10 DIRECTOR JIHA: Let me begin by stating
11 that we are not doing a lien sale for 2020, however,
12 we do want to have the ability to do the lien sale
13 next year with, you know, like I indicated earlier,
14 with more Covid protections so that we could remove
15 certain people who were impacted by Covid from the
16 lien sale. So, again, as I said, we are still
17 working with the Council so that we could, you know,
18 address issues with respect to timeline and so on and
19 so forth, but at this point in time, I don't have a
20 definite timeline in terms of exactly when it's going
21 to happen.

22 CHAIRPERSON DROMM: Okay.

23 DIRECTOR JIHA: We have to coordinate to
24 make sure that-- but we do want to have your
25 authority to do it next year.

2 CHAIRPERSON DROMM: Okay. So, February
3 is just a few months away, so we need to work quickly
4 on that, I think.

5 DIRECTOR JIHA: Yes. Definitely.

6 CHAIRPERSON DROMM: Okay. If there's a
7 further spike in Covid cases and the city goes into
8 lockdown again, would that impact your timeline, as
9 well?

10 DIRECTOR JIHA: Well, that's what we're
11 trying to come up with, you know, because none of--
12 you know, if there's a lockdown, not everyone is
13 impacted by Covid, per say. I mean, everybody is
14 impacted by Covid, but not everyone individually, you
15 know, is impacted so that [inaudible 00:40:31] of
16 their income and their ability to pay. So that's why
17 we're trying to, as much as we can to come up with
18 Covid protections so that we make sure we've got to
19 remove anyone that is impacted by Covid from the lien
20 sale.

21 CHAIRPERSON DROMM: And, Director, do
22 you have any idea-- you mentioned the Governor's--
23 you know, the moratorium on the lien sales. Do you
24 have any idea how long he will continue to extend a
25 portion of the EO prohibiting the lien sales?

2 DIRECTOR JIHA: I don't have any sense
3 of when-- you know, what the governor is doing in
4 terms of the timeline. However, we believe that we
5 cannot have a lapse in the lien sale authority and
6 for the simple reason that it would send the wrong
7 signal because many property owners would decide not
8 to pay or to delay their payments. Okay? Because
9 there would not be any ramification for them if they
10 don't pay and, as a resort, this would affect
11 significantly the financial situation of the city.

12 CHAIRPERSON DROMM: Okay. So, all
13 right. So let me leave it like that at this point,
14 Director, and I'm going to go to Council member
15 questions. I believe that's where we're going to
16 head now and I'll turn it back over to Stephanie
17 Ruiz, our Council, to call on members.

18 DIRECTOR JIHA: Okay.

19 COMMITTEE COUNSEL: We will now have
20 questions from Council member Gibson followed by
21 Council member Adams.

22 COUNCIL MEMBER GIBSON: Okay. Thank you so
23 much. Thank you, Chair Dromm, and my colleagues and
24 everyone who is on today's hearing. Thank you so

2 much, Director, and congratulations on your new
3 position. We are looking--

4 DIRECTOR JIHA: Thank you.

5 COUNCIL MEMBER GIBSON: forward to working
6 with you as you oversee the Office of Management and
7 Budget and certainly a lot of its financial
8 challenges that we confront as a city. So I have two
9 very quick questions and, as you know, I Chair the
10 Subcommittee on Capital, so we've been working very
11 closely with OMB around the whole Capital Commitment
12 Plan and the capital process itself. So I wanted to
13 ask with the pandemic, unfortunately we've seen
14 changes to the city's capital budget and the capital
15 process. After the pause was lifted from the state,
16 we struggled with cashflow issues which,
17 unfortunately, delayed many of our ongoing capital
18 projects. I wanted to understand why many of our
19 capital projects are paid for with bond sales that
20 the city actually sells. Can you give us an update
21 on where we are in terms of there being a delay
22 between the outlay of funds for capital projects and
23 the actual sale of bonds? What bond issuances have
24 been initiated from the city since the pandemic
25 began?

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2 DIRECTOR JIHA: Since-- And let me
3 first [inaudible 00:43:32], but since March, the city
4 has issued like two [inaudible 00:43:39] for new
5 money and refunding purposes totaling about like 2.3
6 billion dollars. We also had like four TFA
7 [inaudible 00:43:50] transaction for new money and
8 refunding for about 4.7 billion dollars and we also
9 have the Transitional Financing Authority building
10 aid revenue bond issued approximately 350 million
11 dollars for new money and [inaudible 00:44:07]
12 purposes. And I also believe that the [inaudible
13 00:44:13] Financial Authority issued three
14 transactions for new money and refunding for about
15 1.8 billion dollars.

16 COUNCIL MEMBER GIBSON: Okay. So in terms
17 of some of the bonds that have been issued, what does
18 that mean and what is the oversight that OMB is
19 providing to many of our agencies that have delayed
20 capital projects? Some agencies, some of the capital
21 projects were in design. The design stopped. Some
22 started construction. Everything stopped. So I want
23 to understand from your perspective that what is the
24 guidance that OMB is giving to a number of our
25 agencies? How do we prioritize these projects? Many

2 of us have new housing projects that we want to get
3 started. We have new schools in our districts and a
4 lot of these things have been stalled. So how do we
5 lot of these things have been stalled. So how do we
6 prioritize agency by agency on what's most important
7 based on the financing that we have at this time?

8 DIRECTOR JIHA: Yeah. At this time I
9 would say to you that all active construction
10 projects have been restarted, but to give more
11 detail, let me have Ken Gardner who will provide you
12 some more detailed information. But at this point in
13 time, all active construction projects are restarted.
14 Ken? Is Ken--?

15 KENNETH GODINER: Yeah. No. I'm sorry.
16 They had to unmute me.

17 DIRECTOR JIHA: Okay. Okay.

18 KENNETH GODINER: As Director Jiha
19 mentioned, all of our active construction projects
20 which were stopped during the initial pause were
21 restarted. Since then, we have intentionally taken a
22 deliberate approach to the remaining capital
23 projects. First, we prioritize and pass through
24 projects that have impacts on safety and health and
25 we're letting those go through as quickly as we can.

2 The rest of the projects, we are triaging them and
3 it's not accidental. We are deliberately going
4 through the projects, slowing down the pace of
5 capital spending until we get a better, fuller
6 understanding of the financial situation and, after
7 that, we can decide on pacing based on the
8 information that we get. You're on mute, Council
9 member. I'm sorry. You're on mute, Council member.

10 COUNCIL MEMBER GIBSON: Sorry about that.

11 And I appreciate you saying that, Ken. So, thank
12 you. So, I guess my question is as we prioritize a
13 lot of these projects based on what the financing
14 looks like. Now, I agree health, wellness, and
15 safety is important, but you also recognize that
16 housing is important, too, because of the thousands
17 of families that are living in temporary housing
18 today during Covid. We have to get them into long
19 term housing. So I'm grateful that we recognize that
20 and HPD's money, instead of being shifted in the
21 outer years, there's about 477 million dollars that
22 we are moving up into the next fiscal years. That's
23 a good thing and that's a start, but I'm not
24 accepting that as enough.

25 KENNETH GODINER: I just want to--

2 COUNCIL MEMBER GIBSON: [inaudible
3 00:47:39] because it's important to do.

4 KENNETH GODINER: I appreciate that. I
5 just want to point out that there's no HPD projects
6 that are currently stalled or held up. So, that is
7 from HPD. We will work with you and make sure that
8 the projects that we need to get done-- obviously,
9 housing is a significant priority for the
10 administration, as well.

11 COUNCIL MEMBER GIBSON: Okay. So, are
12 there any things you can give us to expect in the
13 preliminary Capital Commitment Plan? Are there are
14 any highlights that you can share with us today?

15 KENNETH GODINER: The number one thing
16 we're asking for the agencies to do is to
17 redistribute their capital plan for realistic
18 timeframes when projects will actually begin and
19 commitments start. And you'll be seeing an update on
20 that and I know that we've worked with you guys and
21 with your committee to make sure that the plan that
22 we have for capital are realistic and reflect when
23 things can actually be done.

24 COUNCIL MEMBER GIBSON: Okay. Okay. Chair
25 Dromm, if it's okay, I just have one quick question

2 and it's important based on a hearing that we had on
3 Monday. It's related to an issue that the Women's
4 Caucus and the BLAC and many of us feel very deeply
5 about on maternal mortality and maternal morbidity.
6 Unfortunately, in New York City, African American
7 women and Latinas and birthing individuals are more
8 likely to die during childbirth than any other class
9 of women. It's been an issue that we've been
10 focusing on and dealing with doulas and midwives and
11 making sure that our health care system is equitable
12 to all birthing individuals, regardless of what you
13 look like. So if you guy remember, back in July of
14 2018, the administration announced a three year,
15 almost 13 million dollar investment starting in
16 fiscal 2019 on four initiatives that reduce maternal
17 deaths and life threatening complications of
18 childbirth among people of color. There's a maternal
19 hospital quality improvement network and during our
20 hearing on Monday, DOHMH could not confirm whether
21 there's a plan to extend the funding of this program
22 in the outer years. And so, given that the funding
23 is going to come to an end this fiscal year, I was
24 wondering if you could confirm is there is an
25 extension? Is this on your radar? Is there a

2 possibility that we can continue on this investment
3 to really address some of the systemic issues that we
4 face when you talk about maternal mortality and
5 morbidity in New York City.

6 DIRECTOR JIHA: We recognize this is a
7 very critical issue. A very critical health issue--

8 COUNCIL MEMBER GIBSON: Yes.

9 DIRECTOR JIHA: and we are committed to
10 supporting that initiative. We'll cont-- and,
11 again, as I said, there is money in the budget for
12 the third year and we'll continue to make sure it's
13 funded.

14 COUNCIL MEMBER GIBSON: Okay. Great. I'm
15 holding you to that, Director. Thank you so much.

16 DIRECTOR JIHA: No problem.

17 COUNCIL MEMBER GIBSON: I really appreciate
18 it.

19 DIRECTOR JIHA: All right.

20 COUNCIL MEMBER GIBSON: Thank you, Chair
21 Dromm. Thank you.

22 CHAIRPERSON DROMM: Of course. Ms.
23 Ruiz?

24 COMMITTEE COUNSEL: Yes. Now we have
25 questions from Council member Adams.

2 COUNCIL MEMBER ADAMS: Thank you so much.
3 And thank, Mr. Director, for being here today. I've
4 said many times that many leaders in our city
5 agencies are invited to hearings and they choose not
6 to come, but you are here today to take questions
7 from us and, for that, we thank you. And then just
8 speaking or rewinding back to the lien sale in which
9 we are very, very involved with right now and still
10 moving toward some sort of resolution and, again, we
11 know that we have got a long way to go with this
12 negotiation. I've mentioned in the past about this
13 being personal for me because of where I live in
14 Southeast Queens, because of the high foreclosure
15 rate in Southeast Queens and because I consider
16 myself-- I won't say a victim, but I am a property
17 owner who, you know, again, has lived next door to a
18 foreclosed property for way too long now. Way, way
19 too long now. How many properties have been
20 foreclosed on after having liens sold in the lien
21 sale since 2017 or so?

22 DIRECTOR JIHA: I think, let me have
23 Jeff answer that question. Jeff?

24 JEFFREY SHEAR: Yes. I don't have the
25 statistics specific to 2017 and we can get back to

2 you, Council member, with that information. We need
3 to know that, pursuant to the task force that we met
4 with the Council a couple years ago that we did a
5 review of liens that were sold and the rate at which
6 they were foreclosed upon and, at that point, we came
7 up with a rate of under two percent of the liens sold
8 had been foreclosed upon. We can revisit that and we
9 can certainly come back to you with a number specific
10 to the liens sold since 2017.

11 COUNCIL MEMBER ADAMS: I would appreciate
12 that much. Are the foreclosures limited to a certain
13 area or areas in the city?

14 DIRECTOR JIHA: No. No. The lien sale
15 does not target any community or any race, however,
16 you know, we have a discussion-- talk about or
17 discussed that there been some ongoing financial
18 inequities around the city which means that certain
19 communities have higher delinquencies because of
20 these underlying inequities. Okay? So, but, in
21 general, this is another policy of the city and to
22 target for the lien sale any particular community or
23 any particular race.

24 COUNCIL MEMBER ADAMS: And how long does
25 the foreclosure process usually take?

2 DIRECTOR JIHA: It's a long process, but
3 Jeff could provide you more detail in terms of the
4 timeline. Jeff?

5 JEFFREY SHEAR: Yes. So, the
6 foreclosure process, once a lien is sold, in the
7 foreclosure process can't begin until seven months
8 have passed after the sale and, typically, the
9 foreclosure process can take up to two years from
10 start to finish. And what we find, often times, if
11 foreclosure has started, then arrangements are made
12 during the process for some type of pavement plan so
13 that the foreclosure process will cease.

14 COUNCIL MEMBER ADAMS: And can you give us
15 an idea of the legal fees associated with
16 foreclosure?

17 JEFFREY SHEAR: So, the fees generally
18 are court imposed fees and they are based upon the
19 court that is involved, based upon what specific
20 steps are required. For example, there is a process
21 server fee. The cost of that fee depends on how many
22 people have to be process served. And there can be
23 advertising fees that will depend on which newspaper
24 the court requires advertising to be placed in. So,
25 the amount varies and it depends on how far into the

2 process the property has progressed and the
3 prescription of the particular court.

4 COUNCIL MEMBER ADAMS: Okay. And just
5 considering, again, that in tremendous number, lien
6 sale foreclosure, communities of color are hit the
7 hardest by this. Liens that are sold are heavily
8 concentrated in communities of color and these are
9 the same communities that are hit hard by predatory
10 lending which the director just alluded to. High
11 rates of foreclosure which we just discussed. It is
12 been suggested that the lien sale is effectively a
13 gentrifying tool that leads to displacement of
14 longtime homeowners and renters in communities that
15 are already facing extensive marketing pressure and
16 now we have got Covid also. How would you respond to
17 this? And do you believe that the tax lien sale, as
18 it is currently structured that we are now working on
19 exacerbates the problem as it places additional and
20 unsustainable financial pressure on occupied low rate
21 units leading to the loss of those units as
22 affordable housing, something that's the goal that
23 all of us are reaching towards right now?

24 DIRECTOR JIHA: I would say that the
25 court structure as is, as we discussed, we think that

2 we should definitely do a lot to improve it, which is
3 what we are working on. And one of the important
4 things that we have to do is, again, it's one of the
5 byproducts of the lien sale is the fact that you have
6 bad actors reaching out to different people in the
7 different communities and basically putting pressure
8 on them so they would sell their properties. So, one
9 of the actions that we are working on with the
10 Council is to secure [inaudible 00:57:38] in Albany
11 to have the cyst in some kind of legislation so that,
12 in certain ZIP Codes, okay, workers and buyers and,
13 you know, the bad actors cannot, okay, use the lien
14 sale list to call people and put pressure on people
15 to sell their properties. And we are also working to
16 see how best we could codify into law certain things
17 so that we could deal with deed fraud because deed
18 fraud is one of the major issues in these communities
19 and we have to codify into law to make sure that
20 people are protected from those bad actors. Again,
21 we all agree that there are certain things that we
22 can do and we will continue to work with you and the
23 Council and to secure legislature in Albany to
24 protect as best as we can, okay, those will property
25 owners.

2 COUNCIL MEMBER ADAMS: Thank you. And I
3 am just going to throw one more thought in here
4 because I know there are a lot of people that want to
5 speak and I want to give them an opportunity to do
6 that. This year, you know, as you mentioned, Mr.
7 budget Director, there is been no lien sale. In my
8 opening remarks, I actually thanked the governor
9 because there has been no lien sale. Has been able
10 to shrink the lien sale eligible list to the smallest
11 in recent history. So, it appears that perhaps the
12 most successful lien sale year was in the year that
13 there was no lien sale. So, I just want to be on
14 record for saying that and I would like to know if
15 you or your staff have shared any lessons learned by
16 this process.

17 DIRECTOR JIHA: Yes.

18 COUNCIL MEMBER ADAMS: that has allowed
19 the lien sale list to be reduced by so much.

20 DIRECTOR JIHA: Yes. Again, as I said,
21 outreach has been-- you know, even though we
22 couldn't do physical outreach, but the staff of the
23 Department of Finance has done a tremendous job in
24 terms of doing online-- a lot of online-- outreach
25 to make sure that we reach the public. The other

2 thing we also have to recognize is the time. We have
3 a lot more time just this year than in previous years
4 because, in previous years, the process would have
5 stopped in August. But now, you know, that process
6 has been extended to December. But, as I said, we
7 learned a lot. Our best to do a lot of outreach and
8 to work with the community leaders and elected
9 leaders so that we could continue to work together to
10 make the outreach stronger.

11 COUNCIL MEMBER ADAMS: Thank you very much
12 and I want to thank you, again, for your testimony.
13 I just want to reiterate my commitment to this
14 process, to these negotiations. My commitment to
15 actually break the back of the lien sale as much as I
16 possibly can for the benefit of all New Yorkers who
17 suffered the torment of this practice. So, thank you
18 very, very much for your testimony. Thank you, Mr.
19 Chair.

20 DIRECTOR JIHA: Thank you.

21 COMMITTEE COUNSEL: I will now call on
22 the remaining of the Councilman to ask questions in
23 the order in which they used to the zoom raise hand
24 function. Council members, please keep your
25 questions to three minutes, including responses. The

2 sergeant-at-arms will keep a timer and let you know
3 when you may begin and when your time is up. We will
4 now take questions from Council member Powers
5 followed by Council member Cornegy.

6 SERGEANT-AT-ARMS: Starting time.

7 COUNCIL MEMBER POWERS: All right. Thank
8 you. Nice to see everyone. I hope you're all safe
9 and healthy. Thank you for the testimony. This is
10 just for OMB Commissioner. I just want to talk a
11 little bit about like long term health of the city
12 and next year's budget, as well and I just have a
13 couple questions to help me think through this. So,
14 first [inaudible 1:01:45] budget gap for next year
15 for fiscal year 22, what is the projected budget gap
16 right now after you've done some savings?

17 DIRECTOR JIHA: Right now it is about
18 3.8 billion dollars.

19 COUNCIL MEMBER POWERS: 8 billion?

20 DIRECTOR JIHA: 3.8 billion.

21 COUNCIL MEMBER POWERS: Oh. Oh, sorry.
22 3.8 billion. And what is the current strategy to
23 fill the gap? That number four next fiscal year?

24 DIRECTOR JIHA: We just completed the
25 November financial plan. We are now in the process

2 of reviewing every single one of our options to see
3 and come up with a roadmap because the budget will be
4 balanced. The question is what are the different
5 options that we will put on the table to get it done.
6 Okay? Again, as I said, we continue, the because the
7 we know it will be a very difficult budget because,
8 at the very end of the day, the unless we get a
9 stimulus from the federal government, okay, we will
10 have to make some very difficult choices. That is
11 why we keep stressing the importance of federal aid
12 to colleges because, at the end of the day, the
13 different options that we have in front of us,
14 they're not very appealing.

15 COUNCIL MEMBER POWERS: Yeah. Okay. So--

16 DIRECTOR JIHA: But, if needed, we have
17 no choice. Okay. We have a plan. We have a plan,
18 but, if needed, we have no choice. But to the extent
19 that we could avoid any major disruption to services
20 and to avoid layoffs, we will continue to work very
21 hard with all the elected officials in New York to
22 make sure we sick your federal aid for the city.

23 COUNCIL MEMBER POWERS: Okay. Let's just
24 talk federal-aid for a second and then I have another
25 question which is, how much federal-aid do you

2 anticipate the city is going to raise? What are we
3 asking for? How much do you anticipate to receive?
4 What is the timing of that and will that come
5 directly to the city where will that go to the state
6 and then we get a portion of that?

7 DIRECTOR JIHA: At this point in time,
8 we don't know anything about the detail of-- we know
9 for sure there is a plan going in DC , but at this
10 point in time we don't have any detail in terms of
11 content of it. We know they are discussing about 160
12 billion dollars for states and localities. How it is
13 going to be distributed, we don't know because we
14 don't have the details at this point in time. So, I
15 can't tell you for sure one way or another how much--

16 SERGEANT-AT-ARMS: Time expired.

17 DIRECTOR JIHA: timing. In terms of
18 timing. I know they are pushing to get it done this
19 year. But, again, we still don't know because, from
20 what I understand yesterday, there was pushback by
21 Mitch McConnell yesterday, basically asking to remove
22 state and localities. And those actions, we believe,
23 are contentious. Again, there are discussions, but
24 at this point in time, can't tell you for sure what
25 is going to happen.

2 COUNCIL MEMBER POWERS: Okay. Okay. So,
3 you and I are both saying the same thing which is,
4 you know, there's a lot of-- and this will be my
5 last question.

6 DIRECTOR JIHA: A lot of uncertainty--

7 COUNCIL MEMBER POWERS: But a lot of
8 uncertainty in timeline an amount of money--

9 DIRECTOR JIHA: Timeline-- election in
10 Georgia.

11 COUNCIL MEMBER POWERS: Let me just finish
12 with this question, Commissioner. Are there new
13 revenue sources at the state level if we have
14 uncertainty at the federal level or at the city or
15 state level that we are looking at or pursuing or
16 that you are most excited about is an opportunity to
17 help fill that budget gap?

18 DIRECTOR JIHA: One thing for sure, the
19 city's economy is performing a little bit better than
20 the [inaudible 1:05:48] so, there is a chance that we
21 could get higher than anticipated revenue. Okay? I
22 don't know how much it is going to be at this point
23 in time because our folks are working on the
24 forecast, but, again, with respect to the state, the
25 state isn't assembled as we are. The state doesn't

2 know for sure, okay, what is going to happen. One
3 thing we know is that the state has threatened to use
4 its authority, okay, at this point in time,
5 basically, to court up to 8 billion dollars from the
6 city. At this point in time, I believe they have
7 caught 2 billion dollars -- I mean they have
8 postponed payments to localities of 2.4 billion
9 dollars of which the city shares about 800 million
10 dollars. At this point, it is a cash flow issue
11 because this hasn't yet been a decision whether or
12 not they are going to cut the city's budget. They
13 just postpone the payments. Hopefully, we all will
14 receive this will not be necessary.

15 COUNCIL MEMBER POWERS: Well, let me just
16 send on this. I am a little concerned that all we're
17 saying is let's hope that federal aid comes and it
18 comes soon and it comes to New York City and it is
19 the right amount of money and it fulfills our wishes.
20 I think all of that is great. I just don't think it
21 is likely. And so, I am concerned that we don't
22 really have a strategy or a thought or a plan around
23 what--

24 DIRECTOR JIHA: Oh, no. No. No.

2 COUNCIL MEMBER POWERS: we would actually
3 ask for, if that is the case. And that is kind of
4 what I am trying to get at is I think we should be
5 also thinking-- I haven't heard really, to be
6 honest, strategy, I'd say, for borrowing for new
7 revenue sources that might be available at the city
8 or state level and I still don't, you know, truly
9 year some big ideas or thoughts about where the city
10 might go find that revenue if it becomes unavailable
11 at the federal level.

12 DIRECTOR JIHA: The budget will be
13 balanced. Okay? The budget that will be presented
14 in January will be balanced for sure. Okay? The
15 question is, from our perspective, is can we avoid to
16 make some major, major cuts to city services. And
17 that is the debate. Okay? In terms of a plan, we
18 have plans to get-- to balance the budget. You
19 know, because the budget has to be balanced whether
20 we have federal-aid or not. Okay? So, it's the
21 question of how painful do we want to make it? So,
22 what we are saying to you is, if we are federal-aid--
23 if we get some federal-aid, there will be less
24 pressure on us to do draconian cuts to the budget,
25 but we have a plan. We have a roadmap in terms of

2 how to get to where we need to be. We will continue
3 to work with labor unions, okay, to seek your
4 savings. We will continue to do attrition. We will
5 continue to monitor all of our expenses. We will
6 consolidate operations of the city. Okay? We will
7 streamline operations as much as we can. The
8 question for us is whether or not the cities, from
9 our perspective, a last resort. Okay? We will
10 explore all the ways to cut the budget. I mean, to
11 balance the budget, but, to the extent that we could
12 minimize those cuts, we will try as much as we can to
13 secure federal-aid. But it's not like we don't have
14 a plan. We need to have a plan.

15 COUNCIL MEMBER POWERS: Okay. I would love
16 to see that plan some time.

17 DIRECTOR JIHA: I assure you that we
18 have a plan. The preliminary budget is coming out in
19 a month, a month and a half, and it will be balanced.

20 COUNCIL MEMBER POWERS: Okay. Out of
21 respect to all my colleagues, I will stop my
22 questioning there. Thank you to the Chairs.

23 COMMITTEE COUNSEL: We will now hear
24 from Council member Cornegy followed by Council
25 member Grodenchik.

2 SERGEANT-AT-ARMS: Starting time.

3 COUNCIL MEMBER CORNEGY: Good

4 afternoon, budget Director Jiha. I feel like we
5 spent a great deal of time the other day going over
6 this and I hadn't changed your title, so I owe you an
7 apology there. It actually has a pretty nice ring to
8 it. So, I worked with you on third-party transfer,
9 on deed theft and deed fraud, and I just feel like,
10 you know, just focusing on the lien sale and not the
11 conspiracy around escalating energy costs, rent
12 moratoriums, deed theft, and deed fraud, tax lien
13 sale, and now third-party transfer conspired to
14 actually displace black and brown homeowners from
15 their homes in a way that has never happened before
16 and then you couple that with the pandemic. So, I'd
17 like to hear from you, who I know to be someone who
18 really cares about everything that I just said
19 because I worked with you around it. I have
20 appreciated the work that you have done. I want to
21 hear you explain a little bit about how you are going
22 to differentiate between those who are burdened
23 through Covid and have relief for those homes and how
24 the plan going forward with the lien sale would work?
25 How do you differentiate and what's the criteria and

2 how are we going to direct our people who are
3 disproportionately impacted negatively by all of the
4 things that I've said to get what they need in this
5 process and make sure we set a precedent that says it
6 doesn't look like we as a city are willing to bail
7 out big corporations with tax breaks and not willing
8 to give tax breaks to homeowners who are the backbone
9 of this city. What's the plan to differentiate?

10 DIRECTOR JIHA: Well, it's like, as I
11 discussed with you on many occasions. We recognize
12 that a lot of people are hurting in New York City.
13 Okay? And one of the things that we did not have in
14 the last framework-- in the last tax framework that
15 we have-- was the ability to remove folks who were
16 impacted by Covid unfortunately. We didn't have that
17 because Covid didn't exist. Okay? We heard all of
18 the concerns, okay? From a lot of elected officials,
19 based on our conversations with them and recognized
20 the challenges. As a result, what we're proposing is
21 to remove anyone that is impacted by Covid, okay,
22 from the lien sale going forward. At the same time,
23 we also recognize that all the inequities, all the
24 challenges that you just mentioned, we need resources
25 to tackle, okay, to provide, to service. We can't do

2 all of these things-- okay. Tackle all the
3 inequities-- whether it is school, whether it is--
4 you name it. Every single one of the problems--

5 SERGEANT-AT-ARMS: Time expired.

6 DIRECTOR JIHA: We need resources to
7 deal with them. So, that is the reason why we are
8 saying, on the one hand, okay, we understand the
9 challenges, all the concerns that people are raising
10 with respect to the tax lien sale. Okay. And, for
11 that, we're going to try to make sure everyone who is
12 impacted, okay, by Covid or have other issues, we
13 created a number of payment plans in a number of
14 options so that we could get these people into those
15 payment plans or, the if they are impacted directly
16 by Covid, to remove them. But, at the same time, we
17 also need the enforcement tool to make sure that the
18 commercial property owners in New York City pay their
19 taxes because, if there is no enforcement mechanism,
20 there is nothing that is going to push them to make
21 payments. A number of people would not make
22 payments. And, if they don't make payments, okay,
23 the city would not be able to provide the critical
24 services, okay, to the people who most need them.
25 So, this is what we are saying we have to balance.

2 Okay? On the one hand, we understand the challenges
3 imposed by the lien sale on people who don't have the
4 means, who are poor struggling. But, at the same
5 time, we need resources to help those communities.
6 So, that is what we are asking. That is the
7 challenge [inaudible 1:14:33].

8 COUNCIL MEMBER CORNEGY: I think you
9 for your response. I stand at the ready with my
10 colleagues to serve in districts that are
11 disproportionately affected. Alike Ampry-Samuel,
12 Adrienne Adams, Daneek Miller. Like the ZIP Codes
13 remain the same of the people who are
14 disproportionately impacted, so I look forward to
15 working with you and your new role to make sure that
16 we can protect the most vulnerable homeowners from
17 this predatory practice-- from the predatory
18 practices that exist in the city going forward as
19 we've done in the past. Thank you.

20 DIRECTOR JIHA: I appreciate it.

21 COMMITTEE COUNSEL: We will now hear
22 from Council member Grodenchik followed by Council
23 member Gjonaj.

24 SERGEANT-AT-ARMS: Starting time.

2 COUNCIL MEMBER GRODENCHIK: Thank you.

3 Thank you, Mr. Chair. Director Jiha, it's nice to
4 see a guy from Queens get forward. Congratulations
5 on your new position. I do want to put on the record
6 that I really do not believe that this administration
7 has prepared for about a financial storm that we are
8 in. We have been relying overly much on monies from
9 Washington that are not coming, have not come. And
10 at the rate they are making progress in Washington,
11 I'm not sure that they will ever come. And I just
12 want to put that out there on the record quickly. I
13 know that you are in a very difficult position. You
14 are the person that has to pay the bills. I want to
15 say also, before I ask you a question, I noticed in
16 documents that were prepared by the finance staff,
17 that the only tax that seems to be increasing during
18 this Covid pandemic and the ensuing fiscal storm that
19 has enveloped us is the property tax. He continues
20 to go up. It is kind of like death and taxes. You
21 know the old saying. I do want to also follow up on
22 something that my colleague Adrienne Adams-- happy
23 birthday to you, Adrienne-- said earlier. She had
24 asked about percentages and she asked about the
25 numbers and one of the people, I think it was Deputy

2 Commissioner Jeff from finance said that it was under
3 two percent, but unless we know the actual numbers of
4 people affected-- you know, there is a big
5 difference between two percent of 100 and two percent
6 of 100,000. And I am married to a math professor and
7 she says I'm very good at counting. So, I want to
8 ask you this question and I would like you to get
9 back to us, whether it is finance or your office to
10 get back to us on the percentages. You know, why
11 can't the city just take the money when properties
12 are sold? You know, I represent a big chunk of
13 community Board 13 in eastern Queens which has been
14 one of the ground zeros, along with community Board
15 12, for foreclosures. It's been a disaster for many
16 of my constituents. I share that community Board
17 with Councilman Miller and formerly with our new
18 borough president in Queens, Donovan Richards. So, I
19 want to ask you the question. You know, would
20 medicate slap Celine, they don't foreclose. They
21 reap their money such as it is once the person no
22 longer owns that property or has passed on. Why
23 can't we do the same thing in New York City with our
24 tax liens? And if we couldn't do it for everybody,
25 why can't we do it for some people? There are a lot

2 of people who are in my community-- my aunt, for
3 instance-- I'm assuming she is up-to-date on her
4 property taxes.

5 SERGEANT-AT-ARMS: Time expired.

6 COUNCIL MEMBER GRODENCHIK: My cousin
7 takes care of her. But she has been in the same
8 house for 72 years and that is not unusual to see in
9 the parts of easter Queens. So, I'd like that
10 question answered.

11 DIRECTOR JIHA: Jeff?

12 JEFFREY SHEAR: Sure. So, I think
13 addressing the last part is that we do offer options
14 for people who have been in the same house for a long
15 time and that is aligned with the PT Aid plans that
16 the budget Dir. outlined earlier. So, working with
17 the Council, we have created property tax and
18 interest deferral plans. There were three types of
19 them. One of them is specifically aimed at low
20 income seniors. So, seniors who have paid their
21 mortgage and perhaps are living on a fixed income,
22 pension, and they run into issues as the costs of
23 things increase, including property taxes. We allow
24 them to make a payment with us where we are okay with
25 them deferring their property taxes and they can pay

2 a portion of the property taxes and, for the seniors,
3 we allow them to pay as little as zero and people in
4 those plans are not included in the tax lien sale and
5 what we need to always, when the property changes
6 hands, when ultimately it is sold, the city is able
7 to collect at that juncture. So, we have been
8 carving out ways for people to do that. We do have
9 our standard payment plans where people can pay as
10 little as zero down and can stretch what they owe
11 over 10 years. People in active payment plans are
12 not included in the tax lien sale. And, of course,
13 the tax lien sale itself, we want to emphasize that
14 our goal is not to sell the tax liens, right? Our
15 goal is to run through a process and, as Council
16 member Adams was pointing out before, when we do the
17 whole process, we end up eliminating more than 80
18 percent of the properties that are initially in the
19 at risk pool because they do make payments, make
20 payment plans, and we end up not having to sell the
21 liens. And then, even for the liens that are sold,
22 foreclosure cannot begin until seven months after
23 they have been sold, so there to the trust tries to
24 enter into payment plans with people with sold tax

2 liens. So, in that way, we try to avoid entering
3 into the foreclosure actions.

4 COUNCIL MEMBER GRODENCHIK: I appreciate
5 that and I thank you for the answer and if you could
6 follow up with my office, perhaps we could do a
7 webinar on that or civic groups here in eastern
8 Queens so that we can get that information out to as
9 many people as possible.

10 JEFFREY SHEAR: Absolutely. Absolutely.
11 We very much would want to do that.

12 COUNCIL MEMBER GRODENCHIK: Thank you,
13 Deputy Commissioner, and thank you Director Jiha.
14 Thank you.

15 DIRECTOR JIHA: Yes. Thank you.

16 JEFFREY SHEAR: Yes. Thank you, Council
17 member.

18 COMMITTEE COUNSEL: We will now hear
19 from Council member Gjonaj followed by Council member
20 Rosenthal.

21 SERGEANT-AT-ARMS: Starting time.

22 COUNCIL MEMBER GJONAJ: Thank you and thank
23 you, Chair. Director, congratulations. Just quickly
24 I want to follow up on the lien sale. You made a
25 statement that, if there was no penalty, people would

2 not-- if there was no penalty interest, there would
3 be homeowners that would take advantage of not paying
4 real estate taxes [inaudible 1:22:21]. I don't agree
5 with that. I do believe that anyone that owns a home
6 wants to pay real estate taxes. The 13th Council
7 District, my district, has the highest affected real
8 estate taxes in New York City. In addition, during
9 Covid, the borough of the Bronx was the hardest at
10 the peak of 25 percent unemployment. The latest
11 unemployment numbers for the city our respective of
12 18 percent in the borough of the Bronx, 13 percent --
13 13.3 for Brooklyn, 13.1 for Queens, 10.8 for Staten
14 Island, and 10.3 for Manhattan. Those are a lot of
15 homeowners that are unemployed. I can't see how they
16 are going to be able to meet their tax payments,
17 their real estate tax payments. But the burden of
18 the lien sale and any penalty and interest wouldn't
19 be doing right by those homeowners that have actually
20 built this city and they shouldn't be punished for
21 being homeowners. They shouldn't be punished for
22 losing their jobs due to no fault of their own but
23 because of Covid. Before you answer that, you
24 mentioned the shortfall for our budget. I believe it
25 was 9 billion dollars, correct, Director?

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2 DIRECTOR JIHA: 9 billion dollars, that
3 is not-- we revised down our tax revenue forecast
4 last year by nine-- 9 billion dollars. Yes.

5 COUNCIL MEMBER GJONAJ: And you also
6 indicated that there were increases in expenditures
7 due to Covid. Is that correct?

8 DIRECTOR JIHA: Yes.

9 COUNCIL MEMBER GJONAJ: But I don't think
10 you mentioned any of the federal reimbursement of
11 Covid related expenses. Do we know that dollar
12 amount?

13 DIRECTOR JIHA: Yes, sir. It's about
14 3.6 billion dollars.

15 COUNCIL MEMBER GJONAJ: How much?

16 DIRECTOR JIHA: For Covid, it's about
17 3.6 billion dollars.

18 COUNCIL MEMBER GJONAJ: So, does that 3.6--

19 DIRECTOR JIHA: That's how much federal
20 aid increase in the November plan. But for Covid,
21 it's about 2.8 billion dollars.

22 COUNCIL MEMBER GJONAJ: 2.8. So, is that
23 2.8 or the total 3.6 taken out of that forecast--

24

25

2 DIRECTOR JIHA: 3.6 is a bunch of other
3 grants. It's Covid and other grants. That's federal
4 grants, but 2.8 of that 3.6 is for Covid.

5 COUNCIL MEMBER GJONAJ: But what is the
6 total shortfall, then? Because I'm not understanding
7 the numbers and I'm pretty good with numbers. What
8 is the deficit that we are forecasting?

9 DIRECTOR JIHA: For next year, the
10 deficit is-- for this is, the budget is balanced.
11 Okay. For 2021, the budget is balanced. For next
12 year's fiscal year 22, we are looking at a 3.8
13 billion dollar gap. The revenue which is--

14 SERGEANT-AT-ARMS: Time expired.

15 DIRECTOR JIHA: The federal revenue they
16 were talking about here is that, for fiscal year
17 2021. We're not talking about going forward. That
18 is not for 2022. This is for only 22 one. Okay?

19 COUNCIL MEMBER GJONAJ: Thank you for
20 that--

21 DIRECTOR JIHA: Okay.

22 COUNCIL MEMBER GJONAJ: Director. And
23 before the follow up to the deputy from the tax lien
24 to my question and the comment that I made, you're
25

2 asking us to consider everything is on the table to
3 tighten our belts in the--

4 DIRECTOR JIHA: Yes.

5 COUNCIL MEMBER GJONAJ: event of a
6 shutdown. In the event of a further decline in our
7 economy and tax base. My question to you is I was a
8 part of the June budget negotiations. I didn't see a
9 single line item in there that referred to the 900
10 million dollars that would go to the purchase of
11 Alliance Bus Company. Where did that money come
12 from? This was a pet project that miraculously this
13 money appears when we had the most difficult budget
14 while I've been serving and cutbacks. How many other
15 pet projects are we not aware of that would be coming
16 down the pipeline? If we're going to be talking
17 about cuts, let's first talk about expenses that
18 we're not informed of. Are you aware of any other
19 expenses, projected pet projects with high dollars
20 amounts that the city Council is not aware of?

21 DIRECTOR JIHA: Well, this is not a pet
22 project. This is, basically, substitution. It is
23 basically we are in sourcing expenses that we
24 currently have a contract for. So, this is not like
25 a [inaudible 1:26:46]. It's whether you contract out

2 that expense, 900 million dollars over five years, of
3 the five and a half years, whether you contracted out
4 or you in sourcing that money. So, this is not a new
5 thing. You have to have transportation. You have to
6 transport the kids back-and-forth from school to home
7 and home to school. So, it's not like a new thing.
8 One basically replaces the other. Okay? But, in
9 general, the point you're making, which is a bigger
10 issue, the bigger point you're making, as I said, we
11 are going to scrub the entire budget. Okay, right
12 now we are looking for every place, okay, where we
13 need to reduce spending because, as I said, it's not
14 like we have the choice. On January 16th, we have to
15 issue a budget that is balanced. So, therefore, but
16 if we don't have federal aid, if we don't have any
17 other aid, that budget has to be balanced and
18 therefore we have to make some very tough decisions
19 to balance the budget. So, therefore, we look at
20 every single option. Okay. We are reviewing every
21 single aspect of our operation to see what can be
22 consolidated, what can be eliminated, where we have
23 inefficiencies. Okay? We're trying to come up
24 with-- work with flexibility. There are a number of
25 things that we need to do to ensure, okay, that we

2 can cut every single savings out of this budget to
3 make sure that the budget is balanced. Okay? So,
4 our goal is to say to you is we are hoping that we
5 could get federal aid, okay, so we can minimize,
6 okay, the disruption in services that was think would
7 happen if we have to go that route. Okay? All
8 right? But if we don't have any option, okay, these
9 will be the things we are looking into to make sure
10 that we balance our budget because we have no choice.
11 Okay?

12 COUNCIL MEMBER GJONAJ: Thank you. And,
13 Deputy, if you could answer the tax lien.

14 DIRECTOR JIHA: And with respect to tax
15 lien, I understand the concern that you have with
16 respect to property taxes are high and so on and so
17 forth. This is a concern that we all share and we
18 hear throughout the city. High property taxes,
19 particularly in certain areas of the city. And
20 that's the reason why the Mayor had convened the
21 property tax [inaudible 01:29:13] task force which
22 came up with a number of proposals, okay, basically
23 to ensure we saw some kind of inequity to the system.
24 We will continue to push these changes in Albany,
25 okay, and so we could see if they get traction in

2 Albany next year when the session resumes. So,
3 again, we know we have to bring relief to a number of
4 taxpayers in New York City.

5 COUNCIL MEMBER GJONAJ: Thank you.

6 COMMITTEE COUNSEL: We will now hear
7 from Council member Rosenthal followed by Council
8 member Ampry-Samuel.

9 SERGEANT-AT-ARMS: Starting time.

10 COUNCIL MEMBER ROSENTHAL: Thank you so
11 much. Director Jiha, congratulations.

12 DIRECTOR JIHA: Thank you.

13 COUNCIL MEMBER ROSENTHAL: I feel like
14 the city is in good hands. You really, obviously,
15 cared deeply about this. I want to ask two different
16 trains of questions. What is it is the city asking
17 the state to borrow money? I know it is not the
18 topic at the hearing. I beg the chairs forgiveness.

19 DIRECTOR JIHA: No. That's okay.
20 That's okay. We always look at this as a last
21 resort.

22 COUNCIL MEMBER ROSENTHAL: Yeah. Yeah.
23 Yeah. No. Here's why-- I got you. And only
24 because I'm very tight on time. Here's why. When
25 you are asking, will you consider giving the Council

2 the list of what-- I grew the. Borrow at the last
3 minute. I mean, last effort. Last ditch effort
4 thing to do, but just when you are planning on doing
5 it, will you be giving the city Council finance team
6 the list of items that you will be potentially using
7 the money for?

8 DIRECTOR JIHA: As to my perspective,
9 from my perspective, the only thing we will do with
10 that money is to close the gap. Okay? I cannot tell
11 you at this point in time which item we are going to
12 purchase, what we are going to do, what service we
13 are going to finance because--

14 COUNCIL MEMBER ROSENTHAL: Right.

15 DIRECTOR JIHA: At the macro level, the
16 only reason we would use that is the last way because
17 there's no other way. No federal aid. Nothing can
18 be done.

19 COUNCIL MEMBER ROSENTHAL: Okay.

20 DIRECTOR JIHA: We would look at this as
21 the last--

22 COUNCIL MEMBER ROSENTHAL: Okay.

23 DIRECTOR JIHA: resort to close the gap.

24

25

2 COUNCIL MEMBER ROSENTHAL: I got you. I
3 mean, the reason I ask-- I'm sorry. I don't mean to
4 frustrate you, but when--

5 DIRECTOR JIHA: No. No. No. You don't
6 frustrate me.

7 COUNCIL MEMBER ROSENTHAL: In the budget
8 office, what we did was produce two different
9 budgets. One was a lilac budget if you don't give us
10 the borrowing authority, this is what is going to
11 happen. And there was, I don't know, another one,
12 fuchsia one, that was here is what happens if you do
13 give us the borrowing authority. And I just heard
14 you to contemplate doing that because I think you
15 will have a more compelling case with the state and
16 certainly with me is the Council member, if you are
17 able to lay that out. But here is my question on the
18 tax liens, and I really appreciate Council member
19 Adams staying on this issue during the entire time
20 she is been on the Council. It has been
21 extraordinary. Do you categorize the liens that
22 happen? Do you have them in different categories of
23 situations? And I think we have talked about this
24 before. So, you have a category that is we are
25 trying to help these people and you are offering them

2 different things and then you must have another
3 category that is noncomplying and never responded and
4 we are moving forward. I would imagine those--

5 SERGEANT-AT-ARMS: Time expired.

6 COUNCIL MEMBER ROSENTHAL: are sort of
7 the two biggest categories and I was wondering what
8 is the relative percentage of each.

9 DIRECTOR JIHA: I do not have that data,
10 but I could ask Jeff if he has that information and
11 could share it with you. Jeff?

12 COUNCIL MEMBER ROSENTHAL: Thank you.

13 JEFFREY SHEAR: Yes. So--

14 COUNCIL MEMBER ROSENTHAL: Hey, Jeff.

15 JEFFREY SHEAR: Hi. How are you,
16 Council member?

17 COUNCIL MEMBER ROSENTHAL: Really good to
18 see you, Deputy Commissioner.

19 JEFFREY SHEAR: The pleasure is mine.

20 So, the I guess before I go into it, Council member
21 Adams. So I did want to wait for follow-up, so since
22 2017 the city has sold 11,381 tax liens and
23 foreclosure has occurred on 26 of that number. So,
24 that emphasizes, yes, it happens, but it is done do a
25 small portion. And, again, part of that is the

2 process. And I think that is how I would like to
3 start to answer your question, Council member, in
4 that we don't formally do different buckets. What we
5 do is, in the process-- and I'm going to focus right
6 now on Class I which I know is the essential focus of
7 the Council. So, you need to be delinquent for more
8 than three years in order for us to even include you
9 in the tax lien sale at risk pool. So, age is
10 certainly something that is the criteria that we use
11 to determine whether to even include a property in
12 that process. And I know, as we have discussed,
13 right now the threshold for class I and for most
14 properties is 1000 dollars and the administration is
15 discussing with the city Council whether to raise
16 that threshold. And I think that is something that
17 we are amenable to doing and we are going to see you
18 where those negotiations lead. Once the property is
19 in the at risk pool, we do have the 90 day outreach.
20 And, during that period, we are out doing as much
21 outreach as we possibly can to all owners who are in
22 that 90 day pool. So we, at that point, we don't
23 say, oh, this one or that one seems to be
24 recalcitrant. We want to reach them all. We send
25 the warning letters to all of them. We place ads

2 that list the BBL's, not the addresses, and we have
3 outreach sessions with as many Council members who
4 will do an outreach session with us. So we are doing
5 all of that because we're trying not to sell any
6 liens. We mean that and we know that just by running
7 the process, that lots of people are going to come
8 in. And they have, which was something that Council
9 member Adams pointed out. So, no. Once the liens
10 are sold, then the trust runs a similar type of
11 process. It tries to get people to pay and it is
12 only after the seven month. If people lived that
13 point have not made any attempt to pay, then
14 foreclosure proceedings will commence. And, again,
15 as I have described earlier, that those proceedings
16 can last as long as two years from start to finish.
17 Then, during those proceedings, again, people come
18 in. So, we do feel like we need to have enforcement
19 at the end of the process. People need to know that
20 if they don't comply, this will happen, but that is
21 not our goal. We don't enjoy doing it. We want it
22 to be done as little as it possibly can and that is
23 why it is such a long involved process before we get
24 to that point.

2 COUNCIL MEMBER ROSENTHAL: Right. So, in
3 your answer, the data that you just gave to Council
4 member Adams question, are you saying in the course
5 of a year, but is it usual that there are, you know,
6 roughly over 10,000 that are in the process, but the
7 need to minimize amount that actually get foreclosed
8 on? Like, if you looked at the five year window,
9 would you see the same ratio?

10 JEFFREY SHEAR: So--

11 COUNCIL MEMBER ROSENTHAL: In other
12 words, with that-- and if I could, to its logical
13 extension, that would mean that around 10,000
14 actually figured something out and were not
15 foreclosed on and the property owners got their
16 property back. In my understanding that right?

17 JEFFREY SHEAR: so, first I just want to
18 be clear about the numbers. So, in the last three
19 years, we have sold under 4000 tax liens per year.
20 So, when I was quoting that 11,000 figure, that was
21 for 2017, 2013, and 2019 combined. So, I don't want
22 to overstate the number of liens that we sell each
23 year.

24 COUNCIL MEMBER ROSENTHAL: Got it.

2 JEFFREY SHEAR: So, earlier in the
3 testimony, we referenced that the last time we did a
4 look back where we looked over several years, the
5 number was a little under two percent where
6 foreclosures were completed, so that would mean if
7 you're talking about, for example, last year we sold
8 3724, so if you were to look back several years
9 later, the number of foreclosures for that group
10 would be roughly 74.

11 COUNCIL MEMBER ROSENTHAL: And the
12 remainder got their act together and started paying
13 their-- worked out a deal.

14 JEFFREY SHEAR: Yes. Basically, yes.
15 There may be some foreclosures that stretch out
16 longer, but yes.

17 COUNCIL MEMBER ROSENTHAL: Okay.

18 JEFFREY SHEAR: And so the number is
19 lower for Council member Adams' request because she
20 was focused on the last three years.

21 COUNCIL MEMBER ADAMS: Yeah. Got it.
22 Thank you for that explanation. I really appreciate
23 it and thank you for the extra time, Chair.

24 JEFFREY SHEAR: You're welcome.

2 COMMITTEE COUNSEL: Okay. We will now
3 hear from Council member Ampry-Samuel.

4 COUNCIL MEMBER AMPRY-SAMUEL: Good
5 afternoon, everyone. A lot of the questions that I
6 had were already asked and so I definitely act out a
7 lot of what my colleagues have already expressed and
8 shared. I want to say to the director that I am
9 thankful that there is the process happening now
10 where you are listening to applicants and working
11 with Council member Adams to come up with a process
12 that is meaningful and intentional and to make sure
13 that we are not losing our communities. I also want
14 to state, because I don't have a question, per se, I
15 do have just some clarifying questions, but I do want
16 to say that I am a Council member who participates in
17 the informational sessions and they have been helpful
18 in the sense of putting my residence my neighbors on
19 notice and they will come out to the informational
20 sessions. But what has been problematic is the fact
21 that the end result is really about, you know, again
22 we talked about it this entire time where they are
23 our seniors and people who are just, you know,
24 struggling and so there is no way for them to be able
25 to make a lot of the payments that are required. And

2 so, we have to do more as far as being able to find
3 those resources for my constituents, the ones who are
4 struggling who do come out and are notified, but just
5 are unable to make those payments. But just for
6 clarification, although there was no sale, the city
7 still collected and conducted outreach efforts. What
8 was the actual amount, like a dollar amount? I'm
9 hearing like a different [inaudible 01:41:40] like a
10 percentage and everyone, but an actual dollar amount
11 for the real estate property tax payments that were
12 collected? You might've said it already and I missed
13 it, but is there a dollar amount [inaudible
14 01:41:52]?

15 JEFFREY SHEAR: So, I don't have the
16 dollar amount. We can get back to you with that.
17 What I can say is that we started with an at risk
18 pool of nearly 19,000 properties, 18,907, and at last
19 count, we had 310 that were still in the at risk
20 pool. So, very good progress was made in reducing
21 the numbers.

22 COUNCIL MEMBER AMPRY-SAMUEL: Okay. I
23 was just trying to get a dollar amount just to--

24 JEFFREY SHEAR: We will get back to you
25 with that.

2 COUNCIL MEMBER AMPRY-SAMUEL: Okay.

3 And another quick question, just, again, can you
4 clarify why does the city need to sell the liens to a
5 trust in order to encourage and collect property tax
6 payments? What's the-- and I know that Gjonaj and
7 Grodenchik both spoke to the trust and the why, but
8 really quickly explain the why Nesta go to a trust?

9 DIRECTOR JIHA: Jeff, do you want to go
10 again?

11 JEFFREY SHEAR: Sure. So, the tax lien
12 sale process was set up so that--

13 SERGEANT-AT-ARMS: Time expired.

14 JEFFREY SHEAR: I'm sorry?

15 DIRECTOR JIHA: Go ahead.

16 COUNCIL MEMBER AMPRY-SAMUEL: They said
17 time expired, but--

18 JEFFREY SHEAR: Okay. A trust was set
19 up so that the city could create a separate entity
20 that would be focused on this part of the lien sale,
21 could hire, basically, the servicer outside
22 collection agency to ask those people to pay. Also,
23 the city has been selling bonds based on the expected
24 revenue inflow off of those tax liens. So, the trust
25 was created to handle all of the financial

2 transactions associated with transferring the liens,
3 selling the bonds, evaluating the purchase price of
4 the liens, and so forth.

5 COUNCIL MEMBER AMPRY-SAMUEL: Okay.

6 So, Chair, I just wanted to say that, you know, I
7 just hear time and time again that the trust does not
8 rot in a similar process and it doubles or triples
9 the taxes owed for collection after the sale. And
10 so, you know, I'm just. Over and over again that,
11 you know, it just creates the problem that
12 realistically, you know, folks in my community are
13 just unable to get out of. And so, I really hope
14 that as we are revamping the policy, we're making
15 sure that were doing it in a way with the process and
16 the systems that have exacerbated the actual problem.
17 And I look forward to hearing the advocate speak.
18 So, thank you so much.

19 DIRECTOR JIHA: Thank you.

20 CHAIRPERSON DROMM: Okay. Thank you,
21 Council member Ampry-Samuel, and we will follow up on
22 that definitely. I want to see if Council member
23 Adams has any further questions?

24 COUNCIL MEMBER ADAMS: I have no further
25 questions at this time, Mr. Chair. Again, I thank my

2 colleagues for their questions, very in-depth
3 questions, and the responses thus far from the OMB
4 team. I also look forward to hearing from the
5 advocates. Thank you.

6 DIRECTOR JIHA: Thank you.

7 CHAIRPERSON DROMM: Thank you very
8 much. I also want to thank the OMB team in our new
9 director, Jacques Jiha, for your time here today and
10 will be following up with you on a number of the
11 items that we've mentioned. Thank you, again.

12 DIRECTOR JIHA: Thank you very much.

13 CHAIRPERSON DROMM: Okay. I'm going to
14 ask counsel to call our witnesses now, please.

15 COMMITTEE COUNSEL: We will now turn to
16 testimony from members of the public who have signed
17 up to testify. I would like to remind everyone that,
18 unlike our in person Council hearings, I'll be
19 calling on individuals one by one to testify. Once
20 your name is called, a member of our staff will
21 unmute you and the sergeant-at-arms will set a timer
22 and announce that when you may begin. Your testimony
23 will be limited to two minutes. We will now hear
24 from Michelle Jackson followed by Yvonne Nash. Ms.
25 Jackson, you can begin when ready.

2 SERGEANT-AT-ARMS: Starting time.

3 MICHELLE JACKSON: Good afternoon,
4 Chairperson Dromm and members of the New York City
5 Council Committee on Finance. My name is Michelle
6 Jackson. I am the executive director of the Human
7 Services Council. We are a membership organization
8 that represents about 170 human service providers in
9 New York City and we do policy and advocacy on behalf
10 of the sector. This year, has Covid 19 pandemic tore
11 through every quarter of New York City, New York City
12 human service contractors were really on the front
13 lines of a global health crisis ensuring that high
14 risk populations such as seniors and the disabled had
15 access to food, mental health support. We continue
16 to provide emergency childcare to people who had to
17 go to work to other frontline workers and we kept
18 residential facilities that couldn't close open. Our
19 workforce really put their lives on the line to
20 ensure that New York's communities had the care that
21 they needed to stay home, stay safe, and stay alive.
22 While the human service sector really stepped up,
23 unfortunately, our city government partners and the
24 budget did not do the same. When the budget was
25 passed in July, there were cuts to some discretionary

2 funding. There were, of course, the cuts to the
3 summer youth programs that we are all aware of and
4 also there was a cut to the indirect cost rate
5 initiative which, while something that is not program
6 based, is really essential funding for human
7 services. The cut was retroactive for FY 20, meaning
8 providers had to figure out how to make up lost
9 revenue that they had already spent and we are still
10 halfway through the year. Not sure how the FY 21
11 funding initiative will play out, so providers have
12 gone six months into the year trying to operate
13 programs and not understanding what money, if any,
14 will come from this initiative. When the November
15 plan came out, we you will were first happy to see
16 that there were no further cuts to human services as
17 we were one of the main victims of the budget in
18 July, but it is simply unacceptable that, even though
19 the November plan increased the current year budget
20 by 3.8 billion, that it did not reverse the damaging
21 cuts to human services, including the cuts to the
22 indirect cost rate funding initiative that impacts
23 city contracts--

24 SERGEANT-AT-ARMS: Time expired.

2 MICHELLE JACKSON: and contracted human
3 service providers. So we wanted to make sure we rose
4 that issue, you know, bring that issue up today that
5 the city has really created some fiscal chaos for a
6 sector providing critical safety net support for New
7 Yorkers and would have liked to see that funding
8 restored in the November plan, especially with so
9 many other significant increases in the November
10 plan. Happy to answer any questions and thank you so
11 much for your time.

12 CHAIRPERSON DROMM: Thank you. Thank
13 you very much.

14 DEVONE NASH: Hi. Good afternoon--

15 COMMITTEE COUNSEL: Next is Devone Nash
16 followed by--

17 SERGEANT-AT-ARMS: Starting time.

18 COMMITTEE COUNSEL: You may proceed,
19 Mr. Nash.

20 DEVONE NASH: Hi. Good afternoon. My name
21 is Devone Nash and my email is my first and last name
22 at gmail.com. The city roughly has 45,000 homeless
23 families. HPD pays out 6,319.04 every month and I
24 live in a building-- Well, I'm currently housed in a
25 homeless shelter with my nephew in a family shelter

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2 and it is 165 units in here at 6319.04 dollars. That
3 comes out to be 1,000,042-- 641.60 dollars the city
4 is paid out. I propose that we give 2500 dollars
5 according to housing connect 2.0, the site that you
6 guys have us in list four. The two-bedroom apartment
7 is 2499 dollars. You guys get about 300-- the city
8 pays 550 dollars loss, plus an additional 168 dollars
9 to snacks every month. I propose that you can just
10 give out 300 dollars for meals and serve other things
11 that a person may need. That is the total of 2800
12 dollars. That will come up to 462,000 dollars each
13 month. The city will save 580,641.60 dollars every
14 month. That is enough money that you can go and
15 start helping with other people. There are 13,000
16 available apartments in the city right now and we can
17 feel those 13,000 apartments tomorrow if we just took
18 some of the people out of the family shelters and
19 just deposited them in at least a want Norge two-
20 bedroom, or a three bedroom apartment and it would
21 save the city's awful lot of money. Now, I know that
22 you are new here, sir, and so, maybe if you want to
23 reach out to me, you can reach me at 34723782--
24 excuse me. 347-237-8269. Once again, that is 347--
25 my name is Devone Nash and I'm a little nervous right

2 now. I have all types of anxiety, so I am a little
3 nervous. But I'm a little, that I was the last time.
4 But this is absurd. I have been in the--

5 SERGEANT-AT-ARMS: Time expired.

6 DEVONE NASH: shelter system for three
7 years and so far, they have paid over 227,000---
8 about 284,356 dollars for three years for me being in
9 the shelter. You guys could've bought a house for
10 that type of money and there's no end in sight and I
11 would please-- I would love to be out of the shelter
12 system. It's just wasted money. All of the services
13 that you have here in the shelter system, we don't
14 even use them. Honestly, I'm telling you. I wish I
15 had pictures to show you the food that they feed us,
16 but they spend between 668 dollars a month. I buy my
17 own food and I spend 10 dollars, sometimes 15, and it
18 lasts-- and I spend anywhere from 300 to 450 dollars
19 a month to feed me and my nephew. Thank you for
20 listening to my suggestions.

21 CHAIRPERSON DROMM: Thank you. And
22 we're going to look at those concerns. We've been
23 looking at them, as a matter of fact, throughout the
24 budget process, so thank you.

2 DEVONE NASH: I appreciate it. But did you
3 think about giving us 2800 dollars instead of-- for
4 the rent? Because it's 6300. That's just for two
5 people and there's other families with more people.
6 So, if you just paid the rent-- and let's just--
7 and, oh. The 2010 e-voucher, you guys-- this is a
8 voucher that helps people to take on people in their
9 houses, but you guys only want us to use it for the
10 places that you guys made up. So, it's like you're
11 spending more money on these other services that's
12 really going and not even being used. It's just a
13 total waste. It really--

14 CHAIRPERSON DROMM: Yeah.

15 DEVONE NASH: I'm looking at these figures
16 and I'm like, man. This guy makes 12,000,511
17 dollars-- 699.20 a year just to house us and he
18 doesn't have to do anything else.

19 CHAIRPERSON DROMM: Uh-hm.

20 DEVONE NASH: Now, that's ridiculous. And
21 there's nothing wrong with us having an apartment.
22 For real. I mean, I had an apartment, but because--
23 I'm a convicted felon. I haven't committed a crime
24 since 2008 and I'm [inaudible 01:53:00] anything, but
25 it's hard for me to get a place for my nephew and

2 myself because of the convictions. They look at my--
3 even though I graduated from college and everything,
4 I came home in 2015. I graduated from college. I
5 haven't been in trouble. I've held two jobs. I even
6 started a business. Even with the Covid, I still do
7 my own businesses. I sell water on Times' Square and
8 I went out there this summer, too. I didn't make as
9 much because hardly nobody was out there, but, you
10 know, there were a few people I was able to sell a
11 couple bottles of water just to keep some money in my
12 pocket. You know?

13 CHAIRPERSON DROMM: All right. Well,
14 thank you, Mr. Nash. I appreciate you coming in and
15 giving the testimony. It's really important to
16 hear--

17 DEVONE NASH: Well, thank you for taking my
18 call. I appreciate that even more.

19 CHAIRPERSON DROMM: Thank you. Thank
20 you.

21 DEVONE NASH: That way you guys know what's
22 going on. thank you.

23 CHAIRPERSON DROMM: Thank you.

24 COMMITTEE COUNSEL: We will now hear
25 from Aaron Webber followed by Julia Durante Martinez.

2 SERGEANT-AT-ARMS: Starting time.

3 AARON WEBER: Hello, everybody. My name is
4 Aaron Weber. I am a small property owner in East
5 Harlem and I managed about 40 properties all across
6 Manhattan. I want to bring an example to everyone's
7 attention today. One building we manage on 23rd
8 Street is an SRO, a shared room and occupancy
9 property. And there is about 20 units and there is
10 three commercial units on the ground level. Neither
11 of these commercial stores have paid rent since March
12 and we have been experiencing a lot of delinquencies
13 in our residential units up above. And we got our
14 quarterly bill a few days ago and were going to
15 150,000 dollars in taxes in January. We haven't
16 collected anything near that in the past year and we
17 are grasping at straws. We don't know what to do.
18 Even though we are going to retain all of our
19 residents and commercial storeowners, we are not
20 going through any eviction proceedings. We are
21 waiting it out until people figure out their
22 situation. We have been very responsible and safety
23 is been our utmost priority and have been working
24 really hard throughout the pandemic to keep people in
25 their homes. This is a very vulnerable population

2 and demographic that are living in this particular
3 building, so I propose that, for property owners like
4 me that have been trying to retain their residence--

5 SERGEANT-AT-ARMS: Time expired.

6 AARON WEBER: just give us a tax break
7 coming in January that is proportional with the
8 amount of rent that we have forgiven in this time
9 period.

10 CHAIRPERSON DROMM: Okay. Thank you.
11 Mr. Weber, we appreciate it in our going to go on to
12 our next witness. Thank you.

13 COMMITTEE COUNSEL: We will now hear
14 from Julia Duranti Martinez followed by Jacqueline
15 Griffin.

16 SERGEANT-AT-ARMS: Starting time.

17 JULIA DURANTI MARTINEZ: Hi. Good
18 afternoon, Committee Chair Dromm, and committee
19 members and thank you for the opportunity to testify.
20 My name is Julia Duranti Martinez and I'm the
21 Community Land Trust campaign coordinator at New
22 Economy Projects which is an economic justice
23 organization that has worked for over 25 years to
24 combat inequities in our financial system and economy
25 and to promote cooperative community led development.

2 We convened the New York City Community Land
3 Initiative which is a coalition dedicated to
4 expanding community land trusts and deeply
5 affordable, community controlled housing and
6 neighborhood development in New York City. We urge
7 the Council not to introduce legislation
8 reauthorizing the tax lien sale and instead work with
9 community partners including CLT's to develop an
10 alternative and equitable system to address property
11 tax arrears and property disposition. The tax lien
12 sale fuels speculation and displacement in black and
13 brown neighborhoods and siphons wealth from
14 communities that have been disproportionately harmed
15 by historic inequities like red lining in
16 disinvestment. This reauthorization bill presents no
17 meaningful changes to this practice and would further
18 compound financial distress in black and brown New
19 Yorkers and accelerate displacement in the midst of a
20 deadly pandemic that continues to devastate and
21 deepen inequality in our city. As community led
22 nonprofits dedicated to the stewardship of land for
23 community benefit, CLT's are ideally positioned to
24 help develop alternatives to the lien sale that keep
25 homeowners in place, intervene on behalf of tenants

2 with delinquent landlords, and expand the pipeline of
3 properties for permanently affordable housing. And
4 the more than 15 CLT's and formation in New York have
5 developed their capacity to acquire property in
6 recent years, including with support from Council CLT
7 discretionary funding. With the ease Harlem La
8 Barrio, CLT's recent acquisition of four city-owned
9 buildings and the long-standing Cooper Square CLT,
10 New York now has two successful examples of CLT's
11 supported through the transfer of city-owned
12 properties, particularly in the face of a looming
13 eviction crisis and real estate downturn. The
14 Council must take--

15 SERGEANT-AT-ARMS: Time expired.

16 JULIA DURANTI MARTINEZ: swift action
17 to prevent the transfer of distressed properties to
18 Wall Street and other speculative buyers and instead
19 [inaudible 01:58:43] channel properties to social
20 housing and community stewardship. Ending the lien
21 sale and disposing of foreclosed properties to CLT's
22 and similar entities, along with passing community
23 opportunity to purchase legislation are two policies
24 that can work together to achieve this goal. So we
25 urge the Council, again, not to introduce this bill

2 and, instead, invest in proven community-lead
3 institutions that stem evictions, foreclosures, and
4 speculation in black and brown neighborhoods and
5 contribute to a just recovery and racial equity in
6 New York City. Thank you.

7 CHAIRPERSON DROMM: Can you hear me?

8 COMMITTEE COUNSEL: Yes, Chair.

9 CHAIRPERSON DROMM: Yeah. Okay. I was
10 just wondering, you know, what would be your reaction
11 to the Director's statement that if we don't have
12 lien sales, people wouldn't pay their taxes?

13 JULIA DURANTI MARTINEZ: So, this is
14 something that a number of the groups, the community
15 organizations that are part of the coalition to
16 abolish the lien sale which East New York CLT is
17 coordinating, have done a lot of thinking around. I
18 think the city has tools to enforce property tax
19 payment. The fact that they have been able to
20 collect property taxes in the year when there hasn't
21 yet been a lien sale really helps to demonstrate
22 that, so we don't need to rely on a Wall Street back
23 to trust to collect municipal debt. And there is a
24 number of other folks on the call who can speak to
25 some specific proposals for how to improve that

2 process, also work with homeowners on better outreach
3 and, once it's at a point where there is property
4 being disposed, we are to make sure that it goes to
5 social housing and other community led entities.

6 CHAIRPERSON DROMM: Okay. And I'm just
7 curious to also here, maybe from some of the others
8 also about replacement of the lost revenue. How they
9 would deal with that. Okay. Thank you very much.

10 JULIA DURANTI MARTINEZ: Sure. I
11 think, again, just to note, that the revenue that is
12 collected through the lien sale as a vanishingly
13 small percentage of the overall property tax revenue
14 that the city collects and there are certainly other
15 areas of the budget that we could look to making
16 reductions and, instead, invest those funds in
17 communities.

18 CHAIRPERSON DROMM: Okay. Thank you.

19 COMMITTEE COUNSEL: We will now hear
20 from Jacquelyn Griffin followed by Jennifer Levy.

21 SERGEANT-AT-ARMS: Starting time.

22 JACQUELYN GRIFFIN: Hi. Good
23 afternoon. My name is Jacquelyn Griffin. I am a
24 staff attorney with Brooklyn Legal Services in the
25 foreclosure prevention unit. I actually did kind of

2 want to directly address Director Jiha's comment that
3 the failure to reauthorize the tax lien sale sends
4 the wrong signal to homeowners. I actually think
5 that there's an issue at the core of that statement
6 which it sort of suggests that homeowners are not
7 moral actors and that they are strategically not
8 paying their property taxes. And I work with
9 homeowners. I have worked with them for many, many
10 years now and the vast majority of the homeowners
11 that I meet are eager to meet their obligations and
12 they would meet their obligations but for the types
13 of financial difficulties that we all face. Death of
14 spouse, divorce, severe illness of a family member or
15 a child, and all of these difficulties, things that
16 we face, all of us over the course of our lives, have
17 been greatly exacerbated in the time of this
18 pandemic. Inasmuch urgency as there seems to be
19 around signaling to homeowners that DO F's authority
20 to sell their liens remains intact, I think it is
21 much more important to our neighbors that we
22 demonstrate urgency around helping them in the middle
23 of this crisis. In the best way to do that would be
24 to not rubberstamp the process of the lien sale which
25 we have all acknowledged is not working. We have

2 acknowledged that it is exacerbating harm
3 specifically to communities of color, specifically to
4 senior citizens and the disabled. So, I think the
5 best way that we demonstrate urgency is to come
6 around the table as advocates, as the Department of
7 Finance, as Council, to be thoughtful about-- be
8 thoughtful and careful and compassionate and take to
9 heart the legitimate complaints of our neighbors and
10 friends. It is not reasonable to sacrifice the most
11 vulnerable members of our society at the alter or
12 revenue and there's no justifiable reason why the--

13 SERGEANT-AT-ARMS: Time expired.

14 JACQUELYN GRIFFIN: carrying this city
15 through this economic crisis should fall on the
16 shoulders of those that are least able to bear it. I
17 will only say that, again, as my colleagues said
18 before me, we as advocates, have spent hours and days
19 sitting around a table talking about an enforcement
20 mechanism that takes into account the objective of
21 collecting revenue, but also places a high value on
22 protecting the vulnerable and granting people the
23 dignity of keeping the homes that they've worked for
24 and paid for. And so we are asking this committee to
25 look at not just what happens in the next year, which

2 as Director Jiha talked about, is so uncertain
3 economically, but what we want our neighborhoods to
4 look like in 10 years, 20 years, 30 years because if
5 we let this go forward, if we give them this blank
6 check, then we may have consequences that we won't be
7 able to undo later down the line.

8 CHAIRPERSON DROMM: Okay. Thank you.

9 COMMITTEE COUNSEL: We will now hear
10 from Jennifer Levy followed by Ivy Perez.

11 SERGEANT-AT-ARMS: Starting time.

12 JENNIFER LEVY: This is Jennifer Levy.
13 I am an attorney at the Legal Aid Society in the
14 foreclosure prevention unit. As you know, the Legal
15 Aid Society is the oldest and largest provider of
16 free, direct legal services to low income families
17 and individuals in the United States serving over
18 300,000 individual cases and legal matters each year.
19 While in the midst of a global pandemic where, as a
20 result, home foreclosures will be on the rise.
21 Reauthorizing New York City's yearly sale of tax
22 liens without adequate protections for the city's
23 most vulnerable will further exacerbate this crisis
24 by putting several thousand low would come, elderly,
25 disabled homeowners at risk of losing their homes.

2 Although the bill reauthorizing the tax lien sale
3 provides for some carveouts to protect those who've
4 been affected by Covid-19, it fails to also protect
5 the thousands of low income, elderly, and disable
6 homeowners who live in their once family unit homes,
7 but do not fall into the specific parameters put
8 forth. Specifically, most homes in New York City are
9 valued at more than 250,000 dollars and therefore
10 would not qualify for this exemption. The pandemic
11 and its economic consequences have devastated low
12 income homeowners, especially those whose tenants
13 have stopped paying rent and who rely on this rental
14 income to be able to pay their property taxes and
15 other bills. Many of our elderly homeowners our
16 house rich and cash poor, living unlimited fixed
17 incomes, but whose house is worth more than 250,000
18 dollars. Although low income seniors are eligible
19 for property tax exemptions, many are not made aware
20 of such programs, they don't know how to apply for
21 those, are confused by the process, missed deadlines,
22 and therefore are not able to apply to or be removed
23 from the tax lien sale, even though they would be
24 eligible. Making it even more difficult to navigate,
25 eligible homeowners can only apply once a year. The

2 city must protect and exempt these homeowners from
3 the tax lien sale. Instead of reauthorizing the
4 sale-- tax lien sale through this legislation, the
5 city should dramatically increase its outreach for
6 homeowners. The city should allow for a relaxed
7 deadline for homeowners to apply and renew property
8 exemptions. The city should directly service
9 delinquent property charges instead of--

10 SERGEANT-AT-ARMS: Time expired.

11 JENNIFER LEVY: selling them to a
12 private trust. There should be a lower interest rate
13 for owner occupied properties. Notices should have
14 clear language that interest added to the property
15 charges when they are past due. For the homeowners
16 who previously defaulted on payment plans due to
17 adverse circumstances should be able to continue to
18 access those payment plans and other loss mitigation
19 options. Most importantly, the city should not allow
20 tax lien foreclosures two displays vulnerable
21 homeowners such as the elderly, disabled, and
22 veterans because their debts can be repaid to the
23 city upon sale or refinance of their homes. The
24 Legal Aid Society believes that the city should not
25 reauthorize the tax lien sale without these

2 protections, especially without providing an
3 exemption for owner occupied one to three family
4 homes. We commend the City Council for considering
5 this important issue and we thank you today for the
6 opportunity to testify.

7 CHAIRPERSON DROMM: Do you have numbers
8 on the number of elderly, disabled, and I'm
9 forgetting the third category that you said no, that
10 are actually included in the lien sale?

11 JENNIFER LEVY: I do not.

12 CHAIRPERSON DROMM: So, how do you make
13 the assumption that they are disproportionately
14 affected?

15 JENNIFER LEVY: Well, I can tell you, as
16 a legal services attorney practicing for over eight
17 years, I've seen many, many of my cases are elderly
18 homeowners here living in New York City who own one
19 to three family home units that rely on rental
20 income. They rely on social security to get by and
21 they are absolutely affected by the tax lien sales.
22 And, unfortunately, they are confused by the process.
23 They missed the deadlines, like I said. Often times
24 they send in paperwork and they may get a letter from
25 the city and they don't understand how to then send

2 and, you know, whatever documents are missing. A lot
3 of our seniors don't speak English as their first
4 language.

5 CHAIRPERSON DROMM: Okay. Thank you.

6 COMMITTEE COUNSEL: We will now hear
7 from Ivy Perez followed by John Krinsky.

8 IVY PEREZ: Hi, everyone. Good
9 afternoon. My name is Ivy Perez and I am a policy
10 and research manager at the Center for New York City
11 Neighborhoods. I would like to thank Chair Dromm and
12 the members of this committee for holding today's
13 hearing and to Council member Adams for, as Council
14 member Rosenthal said, not dropping this issue. The
15 center promotes and protects affordable homeownership
16 in New York so that middle and working class
17 communities are able to live in strong, thriving
18 communities and every year at the center works to
19 keep as many homeowners as possible out of the lien
20 sale by conducting direct outreach to homeowners on
21 the pre-lien sale lists and by coordinating with our
22 network partners to assist homeowners in obtaining a
23 payment plan or qualifying for an exemption. I want
24 to address one of the things that has been said many
25 times and I want to say that keeping homes from the

2 lien sale does not mean foregoing tax collection. It
3 just means doing it more slowly. Maybe there is no
4 upfront payment to the city, but we know that the
5 city will ultimately recoup a lot of the money for
6 this because, in fact, some of the homes that are
7 redeemed from the actual trust most quickly. In
8 fact, I think it is why the trust-- these liens are
9 so valuable for the trust is because they know the
10 homeowners will actually redeem and what that means
11 is it is the trust getting the leftover money because
12 the trust only pays the city 70 cents on the dollar
13 for those lanes. So, the city will get some of its
14 money from the lien sale, but at what cost? I also
15 want to address Council member Dromm's question about
16 why senior homeowners are disproportionately
17 affected. Part of the reason is because senior
18 homeowners are more likely to have paid off their
19 mortgage. Mortgage lenders generally pay off taxes,
20 so it is often seen years that have to actually pay
21 their taxes and often don't know that they have to or
22 don't know the process for doing so. And so, often
23 times, when the center reaches out to homeowners, the
24 easiest thing that we do with these homeowners is

2 just let them know that the exemptions exist and let
3 them know that the property tax payments exist.

4 SERGEANT-AT-ARMS: Time expired.

5 IVY PEREZ: I'll finish quickly. The 187
6 number her signed up to the PT Aid I think is
7 illustrative of the fact that PT Aid is clearly not
8 sufficient for actually helping these homeowners.
9 Additionally, the Covid 19 carveout in the
10 legislation that was proposed is also for the reasons
11 that Jennifer Levy and Jacquelyn Griffin pointed out,
12 also not going to help homeowners who already
13 struggle to come up with the mountain of documents
14 that they need to come up with in order to even prove
15 that they are seniors and they deserve these
16 exemptions. And I want to and, finally, by thanking
17 Council member Rosenthal for her questions about
18 separating between the delinquent homeowners that
19 need help and those that aren't going to pay and that
20 is exactly what we need to do before we continue the
21 lien sale. These questions need to be figured out
22 before we reauthorize the sale, not afterwards. Not
23 when families have already lost their homes to
24 foreclosure or had to sell their homes in order to
25 pay off their liens. A better way is possible.

2 Other cities do things other than tax lien sales and
3 there was at New York City before this tax lien sale.
4 We've done it differently before and we could do it
5 differently. Better, more equitable way again.
6 Thank you.

7 CHAIRPERSON DROMM: So, I think you
8 answered my question, but if you are-- if you get
9 SCHE or DHE, right, you're exempt from the lien sale?

10 IVY PEREZ: That's supposed to be the
11 case, but we fine every year that sometimes
12 homeowners that actually receive SCHE end up on the
13 list, even though they shouldn't have been, so it's
14 just quickly a matter of reaching out to DOF and
15 telling them. But we also know that there's a lot of
16 homeowners that struggle with even renewing their
17 SHE. We know that there are more senior homeowners
18 in this city, more low income senior homeowners, than
19 are receiving SCHE and DHE, so I wonder how many
20 people that doesn't get the quick help from the
21 Center for New York City Neighborhoods and our
22 partners could have just as like gotten an extension
23 for their exemptions and gotten off the lien sale
24 that way. I think probably one of the things that
25 has been most helpful this year in keeping a lot of

2 homeowners out is that they extended the deadline
3 slightly for homeowners to get the exemptions, so
4 that probably had as much to do with getting folks
5 that didn't belong in the lien sale off of the lien
6 sale.

7 CHAIRPERSON DROMM: Right. Right.

8 Okay. Thank you. Thank you for the info. I
9 appreciate it. Okay. Let's go to our next witness,
10 please.

11 COMMITTEE COUNSEL: We will now hear
12 from John Krinsky followed by Katrell Lewis.

13 SERGEANT-AT-ARMS: Starting time.

14 CHAIRPERSON DROMM: John?

15 JOHN KRINSKY: Hi. Okay. I didn't
16 realize that I was muted. Sorry. So, good
17 afternoon. My name is John Krinsky. Good afternoon,
18 Chair Dromm, members of the Committee and happy
19 birthday, Council member Adams. I am a professor of
20 political science at City College and a founding
21 board member of the New York City Land Initiative
22 which Julia Duranti Martinez introduced. And I will
23 submit written testimony on behalf of of the
24 initiative, but I will just summarize their just. On
25 behalf of it's more than two dozen member

2 organizations, NYCCLI strongly opposes the renewal of
3 the New York tax lien sale which does not
4 fundamentally change the lien sale, even if there is
5 a carveout for those who can prove that they were
6 directly affected by Covid. The essential problem
7 with selling tax liens to a private for-profit trust
8 is twofold. First, we have known for several decades
9 that tax arrears are a sign of distress that likely
10 extends to conditions in the housing, as well, but
11 the city takes certain and distressed multifamily
12 properties out of the lien sale and warns against
13 predatory lenders on its tax lien sale website and
14 suggest that it already knows these problems, but
15 still thinks it is worth it. And that is the first
16 basic problem. The second problem is that having the
17 lien sale in place removes the incentive for the city
18 to come up with more equitable ways to treat tax debt
19 and the occupants of the housing that falls behind.
20 By not privatizing the liens, the city retains
21 leverage over the debt and allows the city to build
22 on already active efforts like the 15 community land
23 trust around the city, most in neighborhoods that
24 have the greatest numbers of properties that go into
25 the lien sale, sometimes year after year. Now, it is

2 also important to understand that the models that the
3 administration uses to judge the effects of the
4 lien sale on tax compliance likely overstates the
5 role of the lien sale, as such in growing tax
6 compliance. Indeed, if the city would seem to be as
7 serious in enforcing its own tax laws as the lien
8 trust is in collecting its money,. In addition, we
9 have never seen an analysis that shows that the
10 inequitable effects of the lien sale that we all
11 recognize don't create economic burdens both for--

12 SERGEANT-AT-ARMS: Time expired.

13 JOHN KRINSKY: and for the homeowners
14 and tenants that it affects. In economic terms, that
15 the question is how real benefits or costs are
16 calculated, not just its revenues, but its eventual
17 expenses. So the tax lien sale is an obstacle to
18 preserving land and housing for permanent
19 affordability whose real costs have never been taken
20 seriously in the economic effects of Covid make
21 renewal uniquely bad timing and reimagining how we
22 can deal with delinquencies even more necessary.
23 NYCCLI urges a no vote on Intro 6944. Thank you.

24 CHAIRPERSON DROMM: Okay. Thank you
25 very much.

2 COMMITTEE COUNSEL: We will now hear
3 that Katrell Lewis follow Hannah Anousheh.

4 SERGEANT-AT-ARMS: Starting time.

5 KATRELL LEWIS: Thank you. My name is
6 Katrell Lewis. I am the director of advocacy for
7 Habitat for Humanity New York City and I am a member
8 of the Coalition for Affordable Homes. Habitat for
9 Humanity New York City has been building and
10 preserving affordable homeownership in New York City
11 since 1984. So, as my colleagues are talking about,
12 homeowners-- I want to specifically talk about
13 Habitat's sweet spot as it relates to the tax lien.
14 As of November 9th, 2020, New York City was prepared
15 to sell over 280 vacant lots within the tax lien
16 which is represented by your colleagues 48 members of
17 the Council. And that is to say that we are missing
18 a huge opportunity, as many of your colleagues have
19 already stated. We are missing a huge opportunity to
20 build our way out of this affordable housing crisis
21 that we are having, rather than finding a new way to
22 restructure the tax lien and, at the end of the day,
23 the city possibly foreclosing on these vacant
24 properties. If the city could take years to sell
25 opportunities for us to build on affordable-- on

2 affordable homeownership and affordable housing on
3 these lots. I also wanted to say, as it relates to
4 preservation and, Council member Chairman Dromm, I
5 hope you appreciate these numbers. For every unit
6 that we lose in the tax lien, it is up to 190,000
7 dollars that HPD is spending as it relates to the
8 current term sheet for building affordable
9 homeownership. So, in fact, when the administration
10 is saying that we need this money, we're actually
11 losing more money because, for every unit that we are
12 losing, we are actually spending more money from HPD.
13 So, in my opinion, I believe that the Department of
14 Finance and HPD needs to get in the same room and
15 have this conversation because we are losing a lot of
16 affordable housing opportunities. If I can--

17 SERGEANT-AT-ARMS: Time expired.

18 KATRELL LEWIS: I wanted to, you know,
19 just speak to Council member Rosenthal when she was
20 speaking about the foreclosure issues-- and some of
21 my colleagues can speak to this also. As it relates
22 to the foreclosure number is, what we do not see in
23 some of those numbers are some of the homeowners that
24 actually sell before they get to a foreclosure. So,
25 many of our homeowners actually sell before they get

2 to the foreclosure. So, that 26 number that the
3 administration gave is not accurate. There's a lot
4 of people that sell their homes before we even get
5 there.

6 CHAIRPERSON DROMM: Okay. Thank you
7 very much. I appreciate your testimony.

8 COMMITTEE COUNSEL: We will now hear
9 from Hannah Anousheh followed by--

10 HANNAH ANOUSHEH: Good afternoon. My name
11 is Hannah Anousheh and I'm the coordinator of the
12 East New York Community Land Trust and I'm on staff
13 at Cypress Hills Local Development Corporation. East
14 New York is a nonprofit organization made up of
15 community leaders and advocates who are dedicated to
16 stopping displacement and protecting and actually
17 building the generational wealth of black and brown
18 people by taking community control of land in East
19 New York. When we saw that Council district 37,
20 which encompasses East New York has more properties
21 in the tax lien sale than any other district-- a
22 total of 500 properties-- we knew we had to take
23 action. In the midst of the pandemic, East New York
24 CLT members have called so many homeowners in this
25 year's tax lien sale and partnered with tenants'

2 associations to knock on doors of tenants in
3 extremely distressed buildings on the tax lien sale.
4 We also convened a coalition of over 15 community
5 land trust CBO's, nonprofit developers, and housing
6 advocacy groups. You know, armed with the on the
7 ground knowledge of how the tax lien sale actually
8 harms both tenants and homeowners. For the last five
9 months, we have been calling on the Council to
10 abolish the tax lien sale permanently. We've built
11 strong support among community and elected officials
12 and we've actually developed a proposal that
13 demonstrates, you know, how the city could end the
14 tax lien sale permanently, keep people in their
15 homes, and collect property tax debt and create more
16 affordable housing. And we set this proposal to all
17 members of this committee. That is why we were so
18 shocked to learn on Monday that the city Council, at
19 the request of the mayor, would be considering the
20 introduction of a bill that would renew the tax lien
21 sale with extremely limited carveouts. We were even
22 more shocked to learn that we had less than 24 hours
23 to register to testify and just two days before the
24 hearing itself. You know, I ask you to truly hear

2 from and work with the community when it comes to
3 this--

4 SERGEANT-AT-ARMS: Time expired.

5 HANNAH ANOUSHEH: devastating and
6 destabilizing impact on entire neighborhoods for the
7 next four years. And, you know, because this is not
8 it. So, we call on this committee to not introduce
9 this bill. We ask the committee to abolish the tax
10 lien sale and work with us to establish a system that
11 does not involve the selling of property owner's debt
12 to a private trust. And there are many examples look
13 at nationwide. Many other big cities do not
14 privatize debt collection. Thank you so much.

15 CHAIRPERSON DROMM: Okay. Thank you.
16 And I know Council member Rosenthal is a question.
17 Council member Rosenthal? Council member--

18 COUNCIL MEMBER ROSENTHAL: I messed up
19 the un-muting.

20 SERGEANT-AT-ARMS: Starting time.

21 COUNCIL MEMBER ROSENTHAL: I would have
22 to say I am a little confused by this entire-- I
23 will just be honest. Obviously, some of the toughest
24 problems are the hardest to peel back the onion on
25 and I am definitely struggling on this because

2 everyone wants the right outcome. So, I mean, I
3 don't-- there is no L intent by everyone. I would
4 even argue the city and no one wants people to lose
5 their homes if they could stay in their homes. So,
6 maybe something that would help me-- and, Hannah, I
7 would ask you because you talked about going door-
8 to-door to people's homes and, Chair, if I could beg
9 your indulgence, perhaps there are others who have an
10 ex-- Could you give me one example of someone who's
11 door you knocked on who you resolved the issue for
12 them and they got off the lien sale?

13 CHAIRPERSON DROMM: You know what,
14 Helen?

15 COUNCIL MEMBER ROSENTHAL: Yeah?

16 CHAIRPERSON DROMM: I was going to ask
17 that question. We're thinking the same. Good.

18 COUNCIL MEMBER ROSENTHAL: Yeah.

19 HANNAH ANOUSHEH: So, we are an advocacy
20 group, so we were knocking on doors to, you know,
21 talk to people who are impacted and share their
22 stories so that they could come here in front of you
23 all and share their experiences and share with the
24 media. That's really what we were doing, you know,
25 because otherwise you'll hear from folks.

2 COUNCIL MEMBER ROSENTHAL: But I'm asking
3 you to share one story. So, one person whose door
4 you knocked on and what was their story? Why was
5 there property in the lien sale?

6 HANNAH ANOUSHEH: Sure. Sure. So,
7 actually, there's a homeowner who I think is trying
8 to speak during this testimony. He is registered to
9 testify who can speak to that. I mean, I think
10 people-- there's a number of things that happened.
11 People are, you know, dealing with ongoing repairs
12 and they are not-- and so they're trying to pay for
13 those repairs while dealing with, you know, these
14 high interest debt. That is one issue. There's an
15 article that came out yesterday in the city where the
16 homeowners story about how they had eight deaths in
17 their family and they never received notices from the
18 city.

19 COUNCIL MEMBER ROSENTHAL: Yeah.

20 HANNAH ANOUSHEH: And they were put in a
21 terrible position.

22 COUNCIL MEMBER ROSENTHAL: Yeah. No one
23 is questioning that. Right? I mean, those two
24 examples are good examples because, if that is true,
25 then my question is to Jeffrey Shear, you sent out

2 five letters. Let's look at the letter with the
3 address on the letter. Is it different than a
4 homeowner address? Like where is the disconnect so
5 that this would happen? Is it-- and it is fine if
6 that is the answer is a handful of, you know, city
7 government not doing a great job. You know? So, I
8 don't know. Maybe Mr. Lewis has some ideas to help
9 me here.

10 KATRELL LEWIS: I would just say I am in
11 the middle of Council member Ampry-Samuel and Council
12 member Cornegy's districts. Outside of a pandemic,
13 Council member Cornegy has-- and many of your
14 colleagues can tell you-- they have these outreach
15 sessions where, you know, you can have a whole
16 gymnasium full of people and the Department of
17 Finance. What happened, I went last year for my
18 first time to do outreach to some of my neighbors.
19 Many of them never received the paperwork and it was
20 Council member Cornegy, through his session, that the
21 brownstone-- the Bed Stuy brownstoners knocked on
22 people's door and brought people out on Saturday and
23 got them into payment plans. So, you know, when the
24 administration says we do really good outreach,
25 right, what you are seeing right now is the legal

2 service providers, the community engagement
3 providers, these are really the people that are on
4 the ground that get the people into the payment
5 plans. It is not the city, with no offense to the
6 city for the Council or the administration. It is
7 really these advocates that are on the ground that
8 are you able to knock on people's doors. So, I felt
9 that last year when I was with Council member Cornegy
10 and a team to knock on people's doors. A lot of
11 people said, I just never received the paperwork. I
12 never received the mail.

13 COUNCIL MEMBER ROSENTHAL: Thank you for
14 that. Thank you so much. So, let's go through their
15 numbers, I mean-- and, again, apologies. I don't
16 exactly remember what the numbers were in Council
17 member Adams, maybe you can help with this. I'm
18 going to get her all. But there was something where
19 you said, you know, under five percent actually land
20 in foreclosure, right? Which means the property is
21 taken away from them. And the rest of the people
22 seem to be suffering somewhere in the middle, but
23 nothing is happening yet. So, for those people who
24 actually get foreclosed on, do you know any of those
25 people and what is their situation?

2 KATRELL LEWIS: I have not. I will
3 speak to, you know, my legal service colleagues. I
4 know that we do see that there are some people that
5 solve this issue by taking out personal loans or
6 predatory loans which I know, you know, does not want
7 people taking those out.

8 COUNCIL MEMBER ROSENTHAL: Of course. Of
9 course. No one wants them to take a predatory loan,
10 but I mean-- when, you know, why is it that-- I
11 mean, what is that Deputy Commissioner Shear just
12 doesn't know? So, he says out loud, you know, the
13 trust offers these low interest, you know, 10 year
14 long payments. Where is the disconnect?

15 KATRELL LEWIS: I can send you the
16 report for the Coalition for Affordable Homes that
17 show that the trust actually puts a lot of debt on do
18 these homeowners. That is the first, you know,
19 start. I think what we can also start off with is
20 that the administration is not a lot of my
21 colleagues. You know, when they get that information
22 as it relates to the tax lien, it's a lot of my legal
23 service provider colleagues who are sitting with them
24 and determining, you know, what is best. Jacquelyn
25 Griffin can speak best to PT Aid and, you know, what

2 she is saying on the ground. But it is a hardship
3 that a lot of our colleagues have to face as it
4 relates to, if you a senior--

5 COUNCIL MEMBER ROSENTHAL: Yeah.

6 KATRELL LEWIS: the city should just
7 say, we know that you're 65 years old. You are not
8 qualified to be in a tax lien. But some way or
9 another, they are still going to Jacquelyn saying,
10 I'm in a tax lien.

11 COUNCIL MEMBER ROSENTHAL: Yeah. Yeah.

12 I got you. Last question. Council member Dromm, is
13 it the issue that the trust that the city-- or well,
14 differently, can the city or the city Council require
15 that the trust not set predatory loan rates or was
16 that what the Commissioner was saying? Well, if you
17 don't have predatory loan rates, people just won't
18 pay?

19 CHAIRPERSON DROMM: I don't think
20 that's the Commissioner was saying. I'd actually
21 have to research that a little bit more.

22 COUNCIL MEMBER ROSENTHAL: Yeah. I mean,
23 it'd be an interesting--

24 CHAIRPERSON DROMM: I am interested in
25 the five percent question, as well.

2 COUNCIL MEMBER ROSENTHAL: Yeah.

3 CHAIRPERSON DROMM: I think that is
4 really where we are both considered. Those folks.
5 You know, who are those folks and why?

6 COUNCIL MEMBER ROSENTHAL: Yeah. Thank
7 you so much.

8 CHAIRPERSON DROMM: Yeah.

9 COUNCIL MEMBER ROSENTHAL: Yeah. Sorry.

10 CHAIRPERSON DROMM: Thank you. Go
11 ahead.

12 JACQUELYN GRIFFIN: I thought I might
13 take an opportunity just to jump in and tell you what
14 I see in my work since I have both closely working on
15 the front lines with a lot of these homeowners. And
16 so, I'm just going to come up with some examples as
17 they come to my mind. I once had a woman in her 80s
18 who came to me. She was on the tax lien sale list
19 and she had actually tried to resolve it on her own.
20 She had gone to one of the outreach events where you
21 have to show your ID in order to get into an
22 installment agreement, but she was not told that she
23 was actually entitled to the senior citizen homeowner
24 extension and had been entitled to it for the past 20
25 or so years because of her advanced age. And so, she

2 was really struggling on her fixed income to make
3 these higher property tax payments then would have
4 actually been required of her if someone had informed
5 her. So, I think there's actually a very large
6 education piece in terms of what the frontline staff
7 of the Department of Finance are telling people when
8 they come to them and ask them for help. Then I will
9 say that, in terms of people that I have seen that
10 are pretty far advanced in the foreclosure process,
11 they are very often, again, selling their homes to
12 avoid the actual foreclosure, which has its own
13 complications because, at that point, the value of
14 their home is going to be depressed because it is a
15 known fact that they are in foreclosure. And so,
16 you're going to get much less out of their equity.
17 And also what you're seeing is that people are
18 entering into predatory loans because, again, it is
19 known when someone is in foreclosure. It is known
20 when they are on the tax lien sale list. And so,
21 it's very easy for them to be targeted by people who
22 just tell them lies and tell them to transfer their
23 property into the name of an LLC and then give them a
24 hard money loan and then a year two years later,
25 after not making any payments, but accruing interest

2 on this loan, they still going to foreclosure and
3 lose their home. And I think the other thing that it
4 is important to note is that there is a real
5 disconnect between the sale and what happens
6 afterwards. So, you can tell someone, this is your
7 90 day, your 30 day, your 60 day, your 10 day notice
8 that you are on the lien sale, but they don't really
9 understand how that translates into a foreclosure
10 action seven months later. So, they get these bills,
11 these urgent bills. Oh, this is a 10 day notice.
12 But then the next bill that they get from the
13 Department of Finance has a zero on it because they
14 have started over. And so, a lot of people start
15 getting these letters from your tax lien sale
16 servicers and they're not really understanding who
17 these people are or why they now have their loan.
18 There is just a lack of understanding. Sorry, I just
19 feel like a wanted to say one more thing, but now
20 it's falling out of my head. But I would love to
21 talk with anyone more and more and more and more
22 about the issues that I've seen and I guess I'll just
23 do one more example because it is particularly
24 egregious. I had a blind man who was the victim of
25 deed fraud. Again, because he owned his house free

2 and clear. He had accrued some tax debt because,
3 again, on a fixed income, sort of struggling to make
4 ends meet because he slowly lost his sight over time
5 and so his neighbor targeted him and said, you know, I
6 will pay your debt. We can fix up the house. You
7 can get part of the rent, etc. Convinced him to sign
8 some paperwork that he obviously wouldn't have been
9 able to read. Mind you, this man, for many, many
10 years was walking into the Department of Finance
11 business center with his cane indicating that he was
12 a blind person and no one told him that he might be
13 entitled to an exemption based on his disability.
14 And those are the types of the things that I see over
15 and over and over again. Sorry. I want to talk
16 about heirs, too, because that is going to be an
17 important point in Covid because so many people have
18 died which means a lot of homeowners that are on the
19 deeds to their homes are deceased now and so their
20 heirs are going to have to face this. Eight, the
21 economic loss, but also the possibility of trying to
22 enter into an installment agreement. And I've
23 actually talked to Commissioner Shear about this a
24 lot about the way that they are applying the law that
25 permits an heir to enter into an installment

2 agreement and how I feel it is not being accurately
3 applied as it was intended to be based on local law
4 147, which was passed a number years ago.

5 COUNCIL MEMBER ROSENTHAL: Thank you. I'm
6 going to turn it back to Council member Dromm who is
7 muted. Thank you.

8 CHAIRPERSON DROMM: I'm sorry. Okay.
9 I just found out that interest that is charged by the
10 trust is the same as the city, which is currently
11 five percent for most homeowners. So I just wanted
12 to give you that information. Okay. Let's go to our
13 next witness because we really are falling behind in
14 terms of time here. Yeah.

15 COMMITTEE COUNSEL: We will now hear
16 from Albert Scott followed by Debra Ack.

17 SERGEANT-AT-ARMS: Starting time.

18 ALBERT SCOTT: Good afternoon,
19 everyone. Good afternoon, Chairman Dromm, finance
20 committee members, and Council members who are on
21 this call. My name is Albert Scott and I am with the
22 East New York Community Plan Trust. I'm just-- and
23 also a resident of East New York all my life that has
24 been really impacted by this tax lien sale. Being
25 the number one on the list in the Council district

2 37. My message is just very simple. Abolish the New
3 York City tax lien sale. Abolish the Rudy Giuliani
4 legislation. This is just simply a speculation tool
5 that enriches on the front end Wall Street and then
6 also the bill collectors then, on the backend, and
7 also enriches the private investors and speculators.
8 But more importantly, year after year what we also
9 see on this particular list is how it impacts black,
10 Latin X, and Asian Council districts year after year.
11 The top 10 districts are either represented by a
12 blank, a Latin X, or Asian Council members. And we
13 know that detrimental harm this current process has
14 on communities of color. So, why we authorize in its
15 same form the same process or encourage this that we
16 view as a speculation tool and a displacement tool of
17 communities of color. It's impacting, again, black,
18 Latin X, Asian Council districts and it is impacting
19 communities of color, as was mentioned earlier. And
20 we have a great opportunity to actually abolish it.
21 And there is something new that could actually be in
22 its particular place in which my colleagues stated
23 earlier in regards to a report that was given out.
24 Thank you for your time and your attention and your
25 consideration. Have a good evening.

2 CHAIRPERSON DROMM: Thank you very
3 much.

4 COMMITTEE COUNSEL: We will now hear
5 from Debra Ack followed by Boris Santos.

6 SERGEANT-AT-ARMS: Starting time.

7 DEBRA ACK: Good afternoon, everyone. My
8 name is Debra Ack and I also and a member of the East
9 New York Community Land Trust Initiative. I was one
10 of those people who were going out into my community,
11 knocking on doors, speaking to homeowners, speaking
12 to also tenants because tenants are also affected by
13 this tax lien sale. Unfortunately, we had a tenant,
14 Carlos, who was supposed to speak, but,
15 unfortunately, due to the short amount of time that
16 he was informed of this meeting, he was not able to
17 take off of work. He tried to get in during work
18 hours, but he couldn't. But if you want to read his
19 story, the city wrote up an article about him in the
20 tax lien sale. What I would like to say is that I
21 would like for the city Council to stop the
22 speculators from lining their pockets on the back of
23 our black and brown community residents. This is way
24 before it gets into the sale of or however it gets to
25 the end. It's the beginning part that's scary for us

2 and our residents in East New York, especially for
3 our seniors. You have this tax lien sale list that
4 gets-- that the speculators get a hold of. You have
5 so many people calling these homeowners, threatening
6 them, forcing them, tricking them to sell their homes
7 out of fear. I seniors and people who are on this
8 tax lien sale are selling their homes out of fear.
9 Also, I would also like to speak about the
10 homelessness due to the fact that the East New York
11 CLT has proposed an alternative to this tax lien
12 sale. The CLT can house homeless people, take some
13 of these people out of these homeless shelter which
14 the city is paying, like the gentleman said earlier,
15 these astronomical amounts for these people to stay
16 in it. I'm asking you to review and look over again
17 the proposal that the East New York CLT that the
18 coalition gave to the Finance Committee, Council
19 Committee. Look over this proposal. I'm a longtime
20 resident of East New York and I believe in East New
21 York and I believe in the change annuities time for
22 the change. Thank you for your time.

23 CHAIRPERSON DROMM: And thank you,
24 Debra.

2 COMMITTEE COUNSEL: We will now hear
3 from Boris Santos followed by Memo Salazar.

4 SERGEANT-AT-ARMS: Starting time.

5 BORIS SANTOS: Good afternoon, Mr.
6 Chair. Chairman Dromm and all the other Council
7 member. Happy birthday, Council member Adams. My
8 name is Boris Santos. I am the treasurer of the East
9 New York Community Plan Trust. I want to start out
10 by saying that tomorrow or December 17 or any 2021
11 future stated Council calendar days could prove to be
12 sad days in the history of the city Council. We know
13 that the bill language that has been introduced would
14 extend the predatory tax lien sale until 2024 and the
15 only exemption that this bill gives to class one
16 property owners, owners of one to three unit homes,
17 is if your home has an assessed value of 250,000 and
18 you have experienced financial distress and have
19 income less than 150,000 dollars. To say that this
20 exemption, the only exemption that has been inserted
21 in the reauthorization bill is restrictive is not an
22 understatement. That exemption, first and foremost,
23 only takes place for a 2021 lien sale, according to
24 this bill. Most black and brown small homeowner
25 communities notoriously harmed by the lien sale have

2 a property with an assessed value that is higher than
3 250,000 dollars in the lien sale program, which was
4 originally set to expire in 1997 and was extended in
5 1997, 1999, 2001, 2004, 2006, 2007, 2010, 2014, and
6 2017 is bad policy and should not be allowed to be
7 continued and is being proposed at the request of the
8 Mayor right now. I'm going to give three reasons for
9 why the authorization should not occur. Some of
10 these were points already were stated. The abolish
11 of the tax lien sale coalition has met with city
12 Council finance and various Council members and has
13 requested liens with many more. Many have not gotten
14 back to us, Mr. Chair, about alternatives to the
15 private trust model that exists today. In fact, we
16 have spoken about during New York City tax lien sale
17 think tank, hosted by Council member Adams, on
18 October 19th--

19 SERGEANT-AT-ARMS: Time expired.

20 BORIS SANTOS: We have spoken about
21 those alternatives and our coalition has a report
22 laying out alternatives. I bring this point out just
23 to debunk any prospective that anyone has that we're
24 just shouting about this lien sale without providing
25 any alternatives towards the existing model. That is

2 not the case. Please allow me to continue just two
3 more points. Approving this reauthorizing bill runs
4 counter to the strategy that we have been putting
5 into practice with regards to the 2020 lien sale.
6 The governor has possible not sale after doing so
7 several times through the executive order until the
8 new year because, after all, we are in the middle of
9 the pandemic. Postponing that sale further will also
10 be something the state executive further considers.
11 So, why are we really aiming to reauthorize the
12 future sales when we have not even settled on what to
13 do with the 2020 lien sale? And then, lastly, there
14 should be no reason for why this should be extended
15 until 2024. City voters are to elect a new city
16 Council, along with the new mayor by 2021. They
17 should get the right, after being duly elected, to
18 determine the future of any new lien sales. This is
19 common sense I want to end by saying at that point
20 that the director brought up on the OMB contact,
21 although I'm not sure who was here or the director,
22 that this trust is required for us to collect
23 property taxes is bogus. We've done property tax
24 collection before effectively, are doing it so now
25 effectively, and CM Adams stated. This year

2 constitutes a year where the folks in the lien sale
3 is shrunk to the most drastic degree and, being that
4 this year is the only year where a lien sale hasn't
5 taken place and we are still collecting property
6 taxes, not really shows that it can be done. And,
7 again, really, really, Council members, do your
8 homework, look at the report, look at alternatives.
9 Meet with us. Be genuine in that meeting and I look
10 forward towards the end of, not reauthorizing,
11 working with everyone, including the OMB director.
12 So thank you.

13 CHAIRPERSON DROMM: Thank you.

14 COMMITTEE COUNSEL: We will now hear
15 from Memo Salazar followed by Jan Lee.

16 MEMO SALAZAR: Thank you very much.

17 SERGEANT-AT-ARMS: Starting time.

18 MEMO SALAZAR: My name is Memo Salazar.

19 I am a co-Chair of the Western Queens Community Land
20 Trust, as well as a film maker and a small business
21 owner in Queens. CLT's have been en vogue around
22 here lately, both the Mayor and the comptroller have
23 spoken passionately about CLT's in recent speeches.
24 There's also been huge news stories in Oakland and
25 Philadelphia that have proven that CLT's are great

2 solutions to tough housing issues that were also
3 political hotbeds. This year is also given us the
4 biggest economic crisis in recent history and, come
5 January, we will begin the biggest housing crisis
6 since the 70s. if you're wondering how to solve it,
7 the answer is pretty obvious. CLT's and other
8 community nonprofits are uniquely positioned to help
9 the community weather the storm, but we need money,
10 land, and properties. Giuliani's tax lien sale
11 system is designed to make a few real estate insiders
12 rich at the expense of everyone else, especially
13 black and brown people, as well as the elderly, as
14 many folks have already pointed out. It hands over a
15 much needed land and properties to savvy developers
16 who play games and cash in on gentrification at our
17 expense. Studies show it is also contributed for our
18 skyrocketing homelessness problem. If you do the
19 math, the 87 million dollars that the city makes
20 every year from selling off liens doesn't even begin
21 to cover the 2 billion dollars we now spend on
22 homelessness services every year which means that
23 supporting this lien sale isn't just racist and
24 immoral, it is also fiscally foolish. Our citywide
25 coalition, representing all five boroughs, is the

2 solid alternate proposal that we have shared and, on
3 a fundamental level, handing an essential public role
4 to a private trust that is beholden only to the
5 shareholders is painfully corrupt. Why would any
6 councilperson want to support such a system? If you
7 want to be on the right side of both history and the
8 balance books, please let this racist system die with
9 2020 and replace it with one that benefits
10 communities and not private investors. Thank you.

11 CHAIRPERSON DROMM: Thank you. I know
12 Council member Adams had some questions.

13 COUNCIL MEMBER ADAMS: Thank you, Mr.
14 Chair. I just really, really wanted to jump in and,
15 Boris, your enthusiasm is always amazing. Let me
16 just put that-- let me just put that out there. But
17 I wanted to make sure, because you all are so
18 important to the whole picture in the whole piece of
19 this pie-- don't mind my dog in the background. She
20 is having a moment. I just wanted to make sure that
21 you all just really, really understand, because I
22 can't push this anymore, that the legislation is a
23 placeholder. We have a long, long, long way to go
24 with all of your input still ongoing, helping me to
25 negotiate this stuff. Helping my colleagues to help

2 with this negotiation, you know, for this process
3 and, like I said before, we are all trying to
4 effectively break the back of this Giuliani thing.
5 So, just wanted to put that out there, again, because
6 I just-- and I know that you, and I want you to make
7 your points, believe me, because the world needs to
8 hear your points and everybody needs to hear why this
9 is just so wrong. You know? It's just so wrong.
10 The effects of this for our seniors, for our black
11 communities, for our Latino communities, our Asian
12 communities is just so wrong and unjust and everybody
13 needs to hear that. So, I just want to just, you
14 know, in my own little way, you know, on my birthday,
15 that is really not been a great one, but I have got
16 three more events, three more meetings after this one
17 that we have been on for about three hours now, but I
18 just wanted to, you know, are you sure you. We are
19 all, you know, as the Chair said, we want the same
20 thing. You know, we want the same thing and it is my
21 letter believe that nobody wants anybody's homes
22 taken away. You know? It is just this process, this
23 horrible process that has been put in place that is
24 done so much harm that we all effectively have to
25 work together to fix it, lose it, whatever it is that

2 we have to do. So, I just wanted to put that back
3 out there, again. Hi, Katrell. Your testimony was
4 amazing. Debra, as always, amazing.

5 BORIS SANTOS: CM Adams, I just want to
6 say I heard your recommitment at the beginning and
7 I'm not taking it as a betrayal or anything. I want
8 to continue working with you. I know you will follow
9 up on that commitment. I know this is probably the
10 pre-beginning even, right? If we--

11 COUNCIL MEMBER ADAMS: Yep.

12 BORIS SANTOS: Even the beginning. And
13 I want to say, look, you know, we just want to make
14 sure that it is not reauthorized on the back of black
15 and brown small homeowners, which you know very well.

16 COUNCIL MEMBER ADAMS: I hear you.

17 BORIS SANTOS: Here's one idea. What
18 if you reauthorized, but only for class for
19 properties for that private trust model, right?

20 COUNCIL MEMBER ADAMS: We're working--

21 BORIS SANTOS: There's ways to work it
22 out, but we will and I'm confident that we will.
23 Thanks.

24 COUNCIL MEMBER ADAMS: We will. We will.
25 Thank you. Thank you, Mr. Chair, for indulging me.

2 CHAIRPERSON DROMM: Of course. Next,
3 please.

4 COMMITTEE COUNSEL: We will now hear
5 from Jan Lee follow Lira Thompson.

6 JAN LEE: Thank you, Chair Dromm.

7 SERGEANT-AT-ARMS: Your time will begin
8 now.

9 JAN LEE: Thank you, Chair Dromm, and
10 thank you for your wonderful and very heartfelt
11 comments, Council member Adams. I want to caution
12 the Council that the Department of Finance and OMB
13 has sort of painted a picture about the past about
14 this being relatively small and, you know, there is
15 only 26 foreclosures. Don't believe any of that
16 information because it is old information. It is
17 pre-Covid information. We are about to embark on
18 something we have never seen before. Now is not the
19 time to try to fix the broken issue. No is the time,
20 as Albert Scott had so eloquently said, we need to
21 reinvent a new thing. This vestige of predatory
22 practice is not something that we need to start
23 putting a Band-Aid on and start to try to find it.
24 Nothing is the same after global pandemic and so we
25 should not rely on the Department of Finance to say,

2 well, in the past this is what we did. It didn't
3 work. I am telling you, as a person who represents
4 Asian small property owners who is talk to Latin X
5 owners and who is talk to black owners. It is not
6 working. I have gone to the Department of Finance
7 with other small property owners from my community.
8 The Department of Finance has not been able to
9 process even the lowered interest rates from Council
10 member Chin's bill which was to lower the interest
11 rate from 18 percent to seven percent. Do you know
12 that our property owners still have not been
13 acknowledge for the applications that they made back
14 then? So, please don't buy into the Department of
15 Finance and OMB saying that this is working fine. We
16 just need to tweak it a little. No. Nothing is the
17 same after a global pandemic, so please, I know you
18 have the intelligence and I know that you have the
19 wherewithal and the caring to reinvent something that
20 is absolutely new. And I encourage by Council member
21 Adams, your fierceness, and your willingness to look
22 at something new--

23 SERGEANT-AT-ARMS: Your time has expired.

24 JAN LEE: It is absolutely the spirit
25 that we need to look at all of this. The

2 communities, my black and Latin X owner brother and
3 sisters, their suffering. We, as the Asian community
4 small property owners, we are next on the list. So,
5 just be aware I am representing lots of small
6 property owners who are of Asian descent who are
7 immigrants who are absolutely next on your list if
8 this is reauthorized for the next four years. Please
9 push it back, at the very least, it should not be
10 looked at for 2021 at all. Thank you for your time.

11 CHAIRPERSON DROMM: Thank you very
12 much.

13 COMMITTEE COUNSEL: We will now hear
14 from Lyric Thompson followed by Paula Siegel.

15 SERGEANT-AT-ARMS: Your time will begin
16 now.

17 LYRIC THOMPSON: Hi. My name is Lyric
18 Thompson and I am in Council District 37 and my
19 building is also on the tax lien list. Now, when I
20 think about how did our building get on the tax lien
21 list, it boils down to HPD allowing bad behavior. We
22 are in a 421 a building that was never completed. It
23 was in year eight and 421 a by the time I realized
24 that we were 421 a and rent-stabilized. The landlord
25 was trying to clear the building at that point. I

2 stopped thought from a happening. As TPU was closing
3 and on the sky, he drops sold the building to a new
4 guy. The new guy lost the 421 a exemption and
5 subsequently entered into an agreement with HPD that
6 he submitted forged documents that were given to him
7 by the other owner. These documents, HPD is known
8 about since 2016. HPD is known about the forged
9 documents within the 421 A application and I can't
10 help but think that may be, had the address that, the
11 new guy wouldn't be in the position that he is in and
12 we tenants wouldn't be in the position that we are
13 in. I feel like I'm in the hunger games, to be quite
14 honest. I mean, where do we go, as tenants? What
15 are we supposed to do? Why is the city throwing us
16 to the wolves to give developers a free pass? Can
17 someone answer that question for me? Anyone.
18 Anybody in the Council? And it is an actual
19 question. The fact that no one is saying anything
20 but me is really telling as to why we have issues
21 with housing. I really have nothing left to say.
22 There is nothing more to say other than the fact
23 that, when you guys make all these false promises to
24 people, to tenants, when those promises don't come

2 true, your words ceased to mean anything. Then there
3 is--

4 SERGEANT-AT-ARMS: Your time has expired.

5 LYRIC THOMPSON: There is only bigger and
6 better lies.

7 CHAIRPERSON DROMM: Okay. Next,
8 please.

9 LYRIC THOMPSON: Yeah. Next, please.

10 COMMITTEE COUNSEL: Next, we will hear
11 from Paula Segal follow by Jason Bokor.

12 LYRIC THOMPSON: A fucking dissa--

13 PAULA SEGAL: Hi, everyone. Thank you--

14 SERGEANT-AT-ARMS: Your time will begin
15 now.

16 PAULA SEGAL: Thank you for inviting our
17 input on what I understand to be potential language
18 for a bill that is not been introduced and I am here
19 today with a simple message on behalf of our partners
20 on behalf of Take Root Justice where I work as a
21 senior staff attorney in our equitable neighborhoods
22 practice and, on behalf of tenants like Lyric who are
23 that is not designed to protect New Yorkers. The
24 city Council should not reauthorize the cities lien
25 sale. We should be looking at the damage that has

2 been done by the liens that have already been sold
3 and working on reversing those, not talking about
4 selling any more of them. It's time to put Rudy
5 Giuliani's goes to bed. I want to address a couple
6 of things of the department said earlier. The
7 behavior of the tax lien trust administrators through
8 the pandemic is illustrative of the anti-civic and
9 anti-New Yorker attitude of the trust. Since courts
10 reopened for new cases this summer, after being
11 closed in March 2020 as part of the governor's
12 policies, the tax lien trust has initiated over 1125
13 new foreclosure cases. I'm sorry. Can you hear me?

14 CHAIRPERSON DROMM: Yeah. We can hear
15 you.

16 PAULA SEGAL: Sorry. My Internet has been
17 going in and out often and this is really important.
18 That is 1125 new foreclosure cases that have been
19 filed by the tax lien trusts since courts reopened in
20 June. That is not 26 cases. What Deputy
21 Commissioner Scheer is talking about is judgments of
22 foreclosure from that one specific year of sales of
23 cases that have gone all the way through the court
24 system. Right? Where a case was filed, the owner
25 didn't sell in the middle of the case, they didn't

2 pay off the debt in the middle of the case, they
3 actually got a resolution which, in three years for a
4 foreclosure action, that is pretty short. Probably
5 most of the 2017 liens that have turned into
6 foreclosures are still going. So, that 26 number has
7 really nothing to do with anything.

8 SERGEANT-AT-ARMS: Your time has expired.

9 PAULA SEGAL: I have submitted written
10 testimony. I want to just share a couple more things
11 that the Department was not able to answer really
12 basic questions. They were not able to tell us about
13 properties that get sold after a foreclosure is
14 initiated. They were not able to tell us how many of
15 actually had an action initiated by the trust at all.
16 They were not able to tell us anything about how
17 much money the city actually loses by selling the
18 debt at 72 cents on the dollar. The fact that the
19 department characterized as not selling debt as a
20 form of relief for property owners is truly offensive
21 and I really want to highlight that I'm here in
22 support of our partners in the community land trust
23 community and our clients who are calling for the
24 redirection of properties to the production and
25 preservation of social housing and I am one of the

2 co-authors of the report that was submitted to the
3 committee that presents alternatives. And I want to
4 thank the Council for its 2017 requirement that the
5 department published a list of vacant properties that
6 are going through the lien sale. That list for the
7 2020 lien sale is over 800,000 residential zoning
8 square feet and buildable lots that we are letting
9 slip through our fingers. Now that we have that
10 information, let's take advantage of it. I will stop
11 there.

12 CHAIRPERSON DROMM: Okay. Thank you
13 for your testimony.

14 COMMITTEE COUNSEL: We will now hear
15 from Jason Bokor followed by Lauren Mogul.

16 SERGEANT-AT-ARMS: Your time will begin
17 now.

18 JASON BOKOR: Good afternoon, Council
19 members and board. Thank you for taking the time to
20 listen to our comments. My name is Jason Bokor. I
21 with a company called Metropolitan Refunds. We
22 represent thousands of property owners in the New
23 York City area in terms of utility charge problems.
24 We represent all sorts of property owners from small,
25 single family unit owners through large commercial

2 buildings. In my comments will be addressed to the
3 DEP and the New York City water board shutting down
4 practically all access to their billing systems which
5 many of my clients now are calling us and trying to
6 figure out what to do about the tax lien sale and we
7 can even check the charges. We have no possible way
8 to check these charges that we used to have. We used
9 to have access to the DEP system through the Fair Tax
10 System that was completely shut down. And now there
11 is another online access available for property
12 owners to register for, but the date is much more
13 limited. The access is very hard to obtain. If some
14 board member registered for access, that account is
15 now locked up and you have to go through at least a
16 three or four month process to regain access for
17 another board member or the property manager to gain
18 access to the billing. There is very little we can
19 do for a client to check the accuracy of their bills,
20 which they have depended on us for 20 years already
21 that we been doing this. And there really is a big
22 problem in selling water lien sales at this time
23 without any real way to access the bills. You can't
24 go down to what borough office in Covid now to check
25 the bills. It is a terrible system. It is done on

2 purpose, we believe, to shut down any type of
3 contesting of the water charges. Thank you.

4 CHAIRPERSON DROMM: Thank you for that.
5 And it is informative to me. I appreciate it. Thank
6 you.

7 COMMITTEE COUNSEL: We will now hear
8 from Lauren Mogul followed by Ezra Schwartz.

9 SERGEANT-AT-ARMS: Your time will begin.

10 LAUREN MOGUL: Thank you to everyone
11 who has presented today. It is clear that much
12 thought has gone into the lien sale, both pros and
13 cons. In listening today, I keep hearing that the
14 payment arrangements are offered as a way of
15 protecting property owners from being sold in the
16 lien sale and that they are even offering to zero
17 down option. What is not being said is that the DEP
18 payment agreements also include a clause that, by
19 agreeing to the payment agreement, they are also
20 agreeing to the open balance and, as such, property
21 owners lose the ability to contest prior charges. It
22 is, basically, a gun against their head. Scientists
23 are we are selling your property into a lien. This
24 is the very opposite of trying to help homeowners.
25 It also states that all future billing must be paid

2 on time and, if not, they are now in default of the
3 payment agreement. If they are unable to manage the
4 current bill, they will likely not be able to pay all
5 future billing on time and, typically, will end up in
6 the same place next year on the same list. Another
7 consideration is that DEP has removed all public
8 billing information from their sites. The only
9 information that is immediately available online is
10 the current open balance. This does not include how
11 much is principle, how much is interest. It doesn't
12 provide a payment history or any other billing
13 history. DEP does offer some other information on
14 the My DEP account, but the information is limited
15 and only available to the person that the account is
16 registered to. We have found in more cases than one
17 that these accounts are registered to an old owner or
18 someone else which limits the actual owner from
19 getting the very limited information that is
20 available on this site. In order to get access in
21 this situation, you must write to the DEP, request
22 access, and by the time they get a reply, the lien
23 sale may have already been sold. The other option is
24 to file a foil attempting bill history and breakdown.
25 This process can take up to six months to get

2 results. A 90 day lien sale is a heavy burden. It
3 pressures the portion of the community that is
4 already struggling and just continues to keep them
5 down. Thank you for your time.

6 CHAIRPERSON DROMM: Thank you. I'm
7 going to look at the website, so thank you.

8 COMMITTEE COUNSEL: We will now hear
9 from Ezra Schwartz followed by--

10 SERGEANT-AT-ARMS: Your time will begin
11 now.

12 EZRA SCHWARTZ: Thank you, Council
13 members, for the opportunity to testify today
14 regarding the lien sale bill. I work for a firm
15 representing homeowners, management companies, and
16 landlords, specifically with regard to their water
17 bills. I have experience of 20 years working on New
18 York City water bills and, therefore, I understand
19 that water bills and the New York City water board
20 regulations are much more difficult for homeowners or
21 management companies to understand than one would
22 assume on the surface. With regard to the lien sale,
23 it is obviously an important mechanism to exist as,
24 unfortunately, many bad actors will not pay their
25 bills unless there is some level of enforcement.

2 However, the process needs to be fair. Since at
3 least 1995 through May 2020, there has been a public
4 access system that has been for billing and
5 accounting history of every New York City water
6 account. This system was available in DEP borough
7 offices for anyone to walk interviews. It was also
8 available to be used in private offices via a paid
9 subscription. The system was used by various
10 different parts of the real estate industry,
11 including banks, consultants, title companies, and
12 management companies and was very effective in
13 providing in transparency, specifically with regard
14 to the lien sale when customers are up against a
15 deadline. In addition to the public access systems,
16 since approximately 2009, there was a DEP website
17 available to all which provided the last three years
18 of bills in a property's address. In September 2019,
19 DEP emailed firms that paid for access to the system
20 that they were closing the system going forward.
21 This went into effect in May 2020 during the
22 pandemic. In addition, without notification to the
23 public, without any public hearings, in September
24 2019, they removed the public website that showed
25 what DEP effectively did was take a public utility

2 and public information and turn it private overnight
3 without any input from the public. They are
4 attempting to act as a private utility company that
5 services a suburban community, yet they also want the
6 power to sell the liens utility company has. I have
7 a copy of the press release in front of me from 2008
8 when the city Council and the mayor approved the
9 DEP--

10 SERGEANT-AT-ARMS: Your time has expired.

11 CHAIRPERSON DROMM: He could finish
12 quickly.

13 EZRA SCHWARTZ: Okay. In 2008, the city
14 Council and Mayor approved the DEP to sell standalone
15 liens. At that time, the public access system was
16 available, as mentioned before, but the city Council
17 recognized that water bills were not a simple process
18 and, therefore, the extensive analysis was done
19 recommending numerous changes to the DEP operations.
20 Here we are in 2020 and the only change that has been
21 made now is DEP closing the public access system
22 will, at the same time, asking for the ability to
23 sell the liens. Council member ADAMS mentioned,
24 however, the largest predatory behavior I am seeing
25 here is the lack of transparency from city agencies.

2 We are requesting that the city Council request the
3 DEP to open it back up public access, regardless if
4 they want the legal authority to sell the liens, but
5 especially if they do. Thank you for your time.

6 CHAIRPERSON DROMM: Is this issue
7 currently in litigation?

8 EZRA SCHWARTZ: These issues, yes.

9 CHAIRPERSON DROMM: It is. Okay. And
10 the issue is that you, as a company, don't have
11 access, but the individual does have access through
12 their My DEP account.

13 EZRA SCHWARTZ: One individual could
14 have access, theoretically. As someone mentioned
15 before, that access could be locked out if a
16 different management company takes over. The system
17 that you have that access is very limited in terms of
18 information that exists. It pretty much is as
19 limited as it can get compared to the old system.

20 CHAIRPERSON DROMM: Okay. Thank you.
21 I'm going to look into a little more. Thank you.

22 COMMITTEE COUNSEL: We will now hear
23 from Mark Schwartz followed by Herschel Weiss.

24 SERGEANT-AT-ARMS: Your time will begin.

2 MARK SCHWARTZ: Thank you very much.
3 Thank you. Thank you, Hon. council members and city
4 agency officials for your hard work on behalf of all
5 New Yorkers and I hope everyone is remaining safe and
6 healthy. I serve as the deputy mayor of my Township
7 in Teaneck, New Jersey and realize how hard these
8 times are to govern. Indeed, the tax lien is an
9 important, effective, and necessary mechanism used to
10 ensure fair payment by all and as a way to promptly
11 allow the city to run financially. Furthermore, the
12 proposal's promises and hopeful cooperation amongst
13 agencies and governmental bodies is, of course,
14 needed and we look forward to its eventual
15 implementation. Our issues are with the water aspect
16 of the tax lien. The low lien was a slow migration
17 into the main lien that tax process that began in
18 1996. When finally merged fully into the DOF tax
19 lien sale in 2008, many changes were proposed and
20 lamented. Throughout this process, to import it DEP
21 matters will remain steady. One, the DEPCIS system
22 remained an open system to the public and, two, the
23 DEP ombudsman, Patrick Genocova [sp?], ran a fair
24 management analysis unit open to help guide all
25 potential lien eligible homeowners. The ombudsman

2 planned-- the ombudsman's plan focused on
3 compassion. He would state that his goal was for not
4 one lien to be sold, but rather everyone be given a
5 fair chance to pay what he was accurately due.
6 Accuracy is the key here. Since the ombudsman's
7 retirement, the payment agreement, a very fair
8 agreement offered by the DEP as detailed today by the
9 director of the OMB, was modified to include one very
10 important line and I quote: "by signing below, you
11 indicate your acceptance of these terms and agree
12 that the charges on this account are valid and cannot
13 be disputed". In the last year, DEP has shut public
14 access to their system. While New York City agencies
15 and its administration has pushed ahead with its
16 world class NYC Open Data with top notch access to
17 buildings, housing, and finance databases. DEP has
18 gone backwards in time and locked out everything--

19 SERGEANT-AT-ARMS: Your time has expired.

20 MARK SCHWARTZ: but balances. So now,
21 when a lien notice is sent out, bills are inaccurate,
22 full of penalties and interest, and information is
23 severely limited. Rather than work with the
24 customer, DEP comes in a superhero and, as a director
25 said, offers a zero down payment agreement. Just

2 sign here. Your troubles are gone. No need for
3 money now. But it's a trap. And I'm going to finish
4 in a second. You cannot fight the bill after. You
5 must deal with it now, but you cannot get help from
6 an attorney or relative or community group or
7 consultant because they are also locked out of the
8 DEP system. Foils take six months to review, but the
9 lien sale is in 90 days. It is a trap, but at least
10 DEP gets their millions. This Honorable Council most
11 change. Open up access to all, as has been the case
12 for decades and allow fair and accurate water bills
13 to be issued to everybody. Thank you.

14 CHAIRPERSON DROMM: Is part of the
15 reason for DEP's thinking on this confidentiality?

16 MARK SCHWARTZ: These are water bills.
17 Why don't I have confidentiality on your tax bills?
18 On your Department of building violations? On your
19 housing violations? What-- Why is water bills
20 different than your payment numbers that you have
21 made? I can see what checks you wrote to Department
22 of Finance for the last 20 years. Why can't I see
23 your water bill? What has changed in 25 years?

24 CHAIRPERSON DROMM: Well, there are
25 Council members who will argue that, especially on

2 any of these tax lien sales, that predatory real
3 estate folks are going to people's home and telling
4 them, you know, work with us and then winding up with
5 deed fraud or whatever it may be. I'm just
6 wondering. I don't know if that is an issue.

7 MARK SCHWARTZ: If that is an issue,
8 I've never heard of it because, once again, we have
9 access and-- you, me have access to your taxes.
10 Access to your building. Access to the country
11 register to see the deeds. Why hasn't that changed?
12 Why is it just water? And if privacy was an issue,
13 so block access to single family homes. Blocking
14 access to co-ops, to condos, to taxpayers, to multi-
15 family buildings, to six family buildings? What are
16 we hiding? I know what we're hiding. We're hiding
17 25 years of erroneous bills that keeps being issue.

18 CHAIRPERSON DROMM: Okay. Thank you.

19 COMMITTEE COUNSEL: We will now hear
20 from Herschel Weiss followed by John Mantel.

21 SERGEANT-AT-ARMS: Your time will begin
22 now.

23 HERSHEL WEISS: Hello. My name is
24 Herschel Weiss. I write a blog on water issues
25 called Water Watch NYC.com and we have been doing

2 this for about 15 years. I would like to thank Chair
3 Dromm, Mike Council member Farah Louis, and the DEP
4 Commissioner Sapienza. Customers get in trouble for
5 two reasons. They don't have the funds to pay their
6 water bill or they don't understand their water bill,
7 believe it is incorrect, and assume that the DEP will
8 straighten it out when they call them on the phone.
9 In the past, if these customers were astute, they
10 were able to go find a consultant that could do two
11 things. One, find out why the bill is high. Is
12 there a leak? Is there a mechanical problem in their
13 sight? Is the meter being read wrong? Is the DEP
14 wrong? Are they billing them for wrong bill? Or are
15 they just sitting with the new attributed consumption
16 charges which assume that all New Yorkers are thieves
17 and hit them with tremendous, tremendous penalties in
18 the place of a private home that can exceed 13,000
19 dollars a year for something that the DEP knows is
20 not using the water. The DEP's response, rather than
21 become more transparent, as all the other agencies
22 have done-- Chair Dromm has asked for more
23 information available. Information available on
24 everything that the DEP has, including how much
25 water, benchmarking-- they will post it. If you're

2 using too much water, they will post it. If you
3 don't pay the bill, they will post it. Anything that
4 is detrimental to you, they will post that publicly
5 to shame you and a collect data. They will post is
6 to tell you what you are bill is, what happened in
7 the past, what the meter multiplier is, how the
8 bills-- all the minutia that no one is interested,
9 they say that is privacy. And they made the argument
10 publicly at water board hearings that these
11 consultants or people will look at your water bill,
12 find out when you're not home--

13 SERGEANT-AT-ARMS: Your time has expired.

14 HERSCHEL WEISS: This is absolutely
15 ludicrous. There has been a consistent plan to deny
16 information to the public. The first thing about 10
17 years ago, there were notes that were available to the
18 public. The notes said things like, I, the inspector,
19 went to the site and see the meter running quickly.
20 Well, somebody filed a lawsuit, the one against the
21 city, used the note, the city said no more notes.
22 Then, there is data that is been available for 25
23 years since Ed Koch's early time. That data is now no
24 longer available. Why? Because the customer wants
25 privacy. The customer doesn't want privacy. The

2 customer doesn't see this stuff. They don't
3 understand it. The DEP then goes out and says, well,
4 you can go onto our new website. Well, try to get on
5 their new website. It's very hard. If you don't know
6 who the user is, they won't tell you. And the user
7 can be an old board member. It can be somebody else.
8 No problem. Send us a letter notifying us. I tried
9 this for large clients and small clients. When I sent
10 the letter in, they said, you know what? That's on
11 the old deed. The guy is not on the new deed. Well,
12 the old guy is dead and hasn't been transferred to the
13 trust yet. In the meantime, there's no answer. This
14 is clear cut. The DEP is going after customers to
15 hide their errors and they have been doing this
16 forever. We then, finally, said, you know what?
17 We'll use your new portal. We'll get the data. They
18 said, we don't want you to download that
19 electronically. I called up and said, why don't you
20 want me to do this electronically? They said, well,
21 then you will find a lot of errors. Well, so, what
22 they want you to do is to accept their bill on their
23 trust that they're right-- and mostly they are right.
24 But when they are wrong, the other customer has no
25 idea. No way to get the information. They can't go

2 to a professional, so they are stuck having to go to
3 all these wonderful organizations like the Legal Aid,
4 Center for New York Neighborhoods, or East New York
5 Community Land Trust, Queens Land Trust, Brooklyn
6 Legal, and all these people can do is try to help them
7 out financially. What they cannot tell them, because
8 they don't have the skills is the city has been
9 overcharging you. You don't owe them a penny. And
10 that is what they're trying to stay away from. I had
11 asked, if Commissioner Sapienza is still here, what is
12 the need to deny this data? I really would like to
13 throw that out to him or to Joe Murin who is listening
14 in on this and to answer what is the need to negate
15 all this public information?

16 CHAIRPERSON DROMM: We will follow up
17 on that. Thank you. I don't know that he is, but I
18 know that the administration has a representative on
19 the call. So, thank you.

20 HERSHEL WEISS: Thank you very much.

21 COMMITTEE COUNSEL: We will now hear
22 from Jon Mantell.

23 SERGEANT-AT-ARMS: Your time will begin
24 now.

2 JON MANTELL: Thank you. Honorable city
3 Council members, city officials, and fellow
4 advocates, like many community-- sorry. I
5 apologize. We certainly oppose reinstatement of the
6 lien sale from a transparency and oversight
7 standpoint. Having access to the DEP system is
8 certainly essential. We are called upon daily to
9 assist our clients with matters pertaining to their
10 DEP water bills because our access has been stripped,
11 we aren't able to assist our clients with essential
12 questions they have to rectify any open balance. As
13 such, having a lien sale when client advocates aren't
14 given the proper vehicle to assist with rectifying
15 any financial obligations is simply unjust and
16 unfair. Furthermore, with regards to setting up a
17 payment agreement on any open DEP charges, clients
18 are forced to waive all rights by agreeing to accept
19 the validity of all charges. This is required in
20 order to set up the agreement. The problem, again,
21 is advocates aren't able to review the validity
22 because our DEP access has been stripped. And so,
23 certainly, again, another reason why we are against
24 the reinstatement of the lien sale. Property owners
25 who aren't of means could certainly become desperate,

2 borrow money, potentially at a premium, to pay off
3 their obligations to avoid winding up on the lien
4 sale or worse, losing you know multi-generational
5 asset. Thank you.

6 CHAIRPERSON DROMM: Okay. Thank you
7 very much. And I've heard the issues that you are
8 talking about, as well as some of the other folks who
9 gave testimony and that is it. So, thank you for
10 all. I think this is our last person testifying.
11 Yeah. And let me just see if I have anything else to
12 say at this point. I don't believe that we do.
13 Okay. No. So, I believe that I can just probably
14 close this out. My right, counsel?

15 COMMITTEE COUNSEL: yes. That's
16 correct, Chair.

17 CHAIRPERSON DROMM: Okay. Thank you
18 very much. So, with that, this meeting is adjourned
19 at approximately 4:25 in the afternoon.

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1 COMMITTEE ON FINANCE

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date January 15, 2021