



Legislation Text

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Int. No. 1438

By the Public Advocate (Ms. James), Council Members Ferreras-Copeland, Williams, Reynoso, Rosenthal, Espinal, Salamanca, Rose, Maisel, Cornegy, Barron, Koslowitz, Chin, Johnson, Lander, Kallos, Richards, Rodriguez, Levin, Menchaca, Cumbo, Perkins, Gentile, Miller, Levine, Crowley, Dromm, Deutsch and Van Bramer

A Local Law to amend the administrative code of the city of New York, in relation to the establishment of a preservation trust program with respect to certain tax liens

Be it enacted by the Council as follows:

Section 1. Paragraph 2 of subdivision b of section 11-319 of the administrative code of the city of New York is amended by adding a new subparagraph iv to read as follows:

(iv) Within three months of the effective date of the local law that added this subparagraph, the commissioner of the department of housing preservation and development, in conjunction with the commissioner of finance, shall promulgate rules establishing a preservation trust program to govern the eligibility of a trust or other entity in which the city has an ownership or residual interest which has been created for the purpose of rehabilitating and preserving affordable housing to purchase a tax lien or tax liens on a property that is distressed, as defined by subdivision 4 of section 11-401, through a negotiated sale. Any trust or other entity deemed eligible to purchase tax liens for purposes of the preservation trust program must also meet the criteria for eligibility and satisfy all requirements to purchase tax liens through a negotiated sale set forth in this chapter. Pursuant to such program, the commissioner of finance may, in his or her discretion, sell a tax lien or tax liens on a distressed property to any eligible entity through a negotiated sale.

§2. Subdivision 4 of section 11-401 of the administrative code of the city of New York, as amended by

local law number 37 for the year 1996, is amended to read as follows:

4. "Distressed property." Any parcel of class one or class two real property that is subject to a tax lien or liens with a lien or liens to value ratio, as determined by the commissioner of finance, equal to or greater than [fifteen] ten percent and that meets one of the following [two] criteria:

i. such parcel has an average of [five] three or more hazardous or immediately hazardous

4 violations of record of the housing maintenance code per dwelling unit; [or]

ii. such parcel is subject to a lien or liens for any expenses incurred by the department of housing preservation and development for the repair or the elimination of any dangerous or unlawful conditions therein, pursuant to section 27-2144 [of this code], in an amount equal to or greater than one thousand dollars[.];

iii. such parcel consists of vacant land;

iv. such parcel has been noticed for a lien sale pursuant to section 11-319 at least two times in a period of forty-eight months and is a class two property that is not a residential condominium or residential cooperative, as such class of property is defined in subdivision one of section eighteen hundred two of the real property tax law;

v. such parcel is a class two residential property, as such class of property is defined in subdivision one of section eighteen hundred two of the real property tax law, owned by a company organized pursuant to article XI of the state private housing finance law;

vi. such parcel is subject to a lien or liens for any alternative enforcement expenses and fees incurred by the department of housing preservation and development pursuant to section 27-2153; or

vii. the owner of such parcel has been found in violation of subdivision of section 27- 2005 pursuant to

subdivision h of section 27-2115 or section 27-2120.

§3. Section 11-401.1 of the administrative code of the city of New York, as added by local law number 37 for the year 1996, is amended to read as follows:

§ 11-401.1 Procedures for distressed property. a. The commissioner of finance shall, not less than sixty days preceding the date of the sale of a tax lien or tax liens, submit to the commissioner of housing preservation and development a description by block and lot, or by such other identification as the commissioner of finance may deem appropriate, of any parcel of class one or class two real property on which there is a tax lien that may be foreclosed by the city. The commissioner of housing preservation and development shall determine, and direct the commissioner of finance, not less than ten days preceding the date of the sale of a tax lien or tax liens, whether any such parcel is a distressed property as defined in subdivision four of section 11-401 [of this chapter]. Any tax lien on a parcel so determined to be a distressed property shall not be included in such sale, except through a sale subject to the provisions of subparagraph iv of paragraph 2 of subdivision b of section 11-319. In connection with a subsequent sale of a tax lien or tax liens, the commissioner of finance may, not less than sixty days preceding the date of the sale, resubmit to the commissioner of housing preservation and development a description by block and lot, or by such other identification as the commissioner of finance may deem appropriate, of any parcel of class one or class two real property that was previously determined to be a distressed property pursuant to this paragraph and on which there is a tax lien that may be included in such sale. The commissioner of housing preservation and development shall determine, and direct the commissioner of finance, not less than ten days preceding the date of the sale, whether such parcel remains a distressed property. If the commissioner of housing preservation and development determines that the parcel is not a distressed property, then the tax lien on the parcel may be included in the sale.

b. The commissioner of housing preservation and development may periodically review whether a parcel of class one or class two real property that is subject to subdivision c of this section or subdivision j of section 11-412.1 [of this chapter] remains a distressed property. If the commissioner determines that the parcel is not a distressed property as defined in subdivision four of section 11-401 [of this chapter], then the parcel shall not be subject to such subdivisions.

c. Any parcel so determined to be a distressed property, unless such parcel has had a tax lien or tax liens sold in a sale subject to the provisions of subparagraph iv of paragraph 2 of subdivision b of section 11-319, shall be subject to an in rem foreclosure action, or in the case where the commissioner of finance does not commence such action the commissioner of housing preservation and development shall evaluate such parcel and take such action as he or she deems appropriate under the programs, existing at the time of such evaluation, that are designed to encourage the rehabilitation and preservation of existing housing, and shall monitor or cause to be monitored the status of the property. The commissioner of housing preservation and development, in his or her discretion, shall cause an inspection to be conducted on any parcel so determined to be a distressed property. In addition, the commissioner of housing preservation and development shall submit to the council a list of all parcels so determined to be a distressed property within thirty days from the date such parcels are identified as a distressed property.

§4. This local law takes effect immediately.

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