



Legislation Text

File #: Int 0838-2000, **Version:** *

Int. No. 838

By Council Members Perkins, Berman, DiBrienza, Freed, Henry, Lopez, Marshall, Miller, Provenzano, Reed, Rodriguez, Sabini and Warden; also Council Members Eisland, Eldridge, Nelson and Quinn

A Local Law to amend the administrative code of the city of New York, in relation to a moratorium on the transfer of properties under the third party transfer program.

Be it enacted by the Council as follows:

Section 1. Legislative findings and intent. Local Law 37 for the Year 1996 was passed to provide the City with a new anti-abandonment tool to maintain buildings in private ownership that otherwise would be vested and managed by the City under the *in rem* system. Under Local Law 37, the City is empowered to directly convey distressed properties to pre-selected, qualified third parties rather than take title. Specifically, Local Law 37 allows the Commissioner of Finance to convey a tax delinquent residential property to a third party after a Court-rendered *in rem* judgment. This transfer mechanism has become known as the Third Party Transfer Program and is run in conjunction with the efforts of the Department of Housing Preservation and Development.

Under the Third Party Transfer Program, the owners of buildings designated for *in rem* actions are contacted by the Department of Housing Preservation and Development and by Neighborhood Preservation Consultants who strive to assist the owner in paying off the delinquent taxes. If no satisfactory repayment agreement is reached, then the Department of Finance obtains an *in rem* judgment against the property thereby triggering a four-month mandatory redemption period. If the property is not redeemed during this period of time, then the Department of Housing Preservation and Development has four additional months to recommend qualified potential new owners to the Commissioner of Finance. Prior to the end of this period totaling eight

months, the City Council has forty-five days to reject any potential owner selected by the City and presented to the Council. Once a potential owner is presented to the Council in compliance with Local Law 37, the eight-month period is tolled. If the Council rejects a potential owner, or if no potential owner is selected, the delinquent property either remains with the original owner or is vested by the City.

The Council finds that the Administration has produced a Third Party Transfer Program that fails to give one or more responsible legal tenants the opportunity to purchase the very building that they reside in. Although the law allows for the transfer of property to not-for-profit organizations or neighborhood-based-for-profit individuals or organizations, the Council further finds that Local Law 37 specifically mandates that the Commissioner of Housing Preservation and Development also consider whether the third party is a responsible legal tenant amongst its factors. Therefore, the Council is placing a two-year moratorium on the City's ability to transfer properties to a third party pursuant to Local Law 37 to allow the City to develop a better mechanism for the transfer of properties to responsible legal tenants where practical. This moratorium is not intended to interfere with the collection of taxes by the Commissioner of Finance or on the City's ability to foreclose on delinquent properties. The moratorium only applies to the conveyance of residential properties, whether developed or undeveloped, to a third party deemed qualified by the Commissioner of Housing Preservation and Development for which Council approval is required by law.

§2. Notwithstanding anything in chapter four of title eleven of the administrative code of the city of New York to the contrary, no new privately-owned residential properties including buildings or vacant lots shall be transferred to a third party by the Commissioner of Finance pursuant to local law number thirty-seven for the year 1996 after the effective date of this local law, for a period of two years from the effective date of this local law.

§3. This local law shall take effect immediately.

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