



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

LETITIA JAMES
ATTORNEY GENERAL

VIA E-MAIL

August 30, 2020

Mayor Bill de Blasio
City Hall
New York, NY 10007

Dear Mayor de Blasio:

On behalf of New Yorkers, and particularly those in communities of color, we write to strongly urge you to remove small homes from the 2020 New York City tax lien sale and abstain from selling such liens until the conclusion of the COVID-19 emergency. There are more than 4,700 small homes on the lien sale list. In the name of fairness and justice, the Commissioner of Finance must use the power given to them by law to remove properties from the lien sale at their discretion.

As the economic fallout from the COVID-19 pandemic continues its dramatic impact on the welfare of all New Yorkers, it is essential that the City of New York take special precautions not to exacerbate the crisis further within the city's own borders.

It is well known that the terms imposed by the tax lien sale on New Yorkers are dramatic: mandatory five percent surcharges, legal fees, and, worst of all, a nine or 18 percent interest rate that compounds daily. In today's economic environment, we simply cannot understand willfully subjecting residents of your city facing financial hardship to those terms.

The outcome of this process is not a mystery: more New Yorkers, many of whom owned their homes outright or benefitted from significant equity, will lose their homes to foreclosure, depriving them of their single most valuable asset and dramatically destabilizing their lives. Others will be compelled to sell under duress during an undoubted drop in the housing market.

This decision to move forward with the lien sale is especially difficult to comprehend in light of evidence that it inordinately impacts communities of color. The City is far more likely to sell a lien in a majority Black or Hispanic neighborhood than in a majority white neighborhood.

Communities of color have been at the frontlines of the battle against COVID – suffering a disproportionate burden of the health impacts, stepping up more than others to work in essential jobs to ensure the health, safety, and security of all New Yorkers, and bearing a greater burden financially than other New Yorkers. Moving forward with the lien sale will only serve to make matters worse for these communities, uprooting families, eliminating financial security, and converting wealth into debt.

When I previously served as New York City's Public Advocate, I called for reforms to the lien sale program to address some of its most grave injustices. Those reforms included, among other things, eliminating water and sewer lien sales for low and middle-income occupants of one-to-three family homes (there are currently 2,639 Class 1 properties on the list that have water debt only); creating a "Homeowner Advocate" position who would help homeowners navigate among the multiple agencies involved in the tax lien sale (no such position currently exists); and excluding nonprofits and houses of worship from both the water lien sale and the property tax lien sale (there are currently 49 non-profit properties on the list, all resulting from water debt). These types of reforms could have protected many of the individuals and organizations that are most vulnerable to the impacts of the lien sale process. I am disappointed to say that, to date, none of these reforms have been put in place, and I renew my calls for these reforms today.

The City has long defended the lien sale because of the significant outreach that it did in years past to ensure residents in debt to the city are aware that they are in jeopardy of entering the lien sale process and knowledgeable about alternative payment plans. But because of the severe constraints that COVID has placed on outreach efforts, much of this work was not done at nearly the same levels as in years past.

In the past, you have acknowledged the destabilizing effect of the lien sale on families and neighborhoods. As recently as April, you stated that "we understand right now people's lives have been turned upside down. They don't have money to pay bills. We want to be fair. We want to be understanding." The economic crisis has only worsened since April and aid from the federal government for individuals and small businesses has ended and shows no signs of being renewed any time soon.

By moving forward with this lien sale, New York City is making an affirmative decision to further destabilize New Yorkers encountering financial hardship in order to enrich private investors. We strongly urge you to reverse this decision and cancel the lien sale immediately.



LETITIA JAMES
Attorney General of the State of New York

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Brooklyn Borough President Eric L. Adams

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