



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL

LETITIA JAMES
ATTORNEY GENERAL

December 14, 2020

Mayor Bill de Blasio
City Hall
New York, NY 10007

NYC Council Speak Corey Johnson
City Hall Office
New York, NY 10007

Dear Mayor de Blasio and Council Speaker Johnson:

I am writing today about the need for major reform in the way New York City conducts its annual tax lien sale. Since the onset of the COVID-19 pandemic, I have repeatedly called on the City to delay the tax lien sale and to remove small homes from the lien sale list, at least until the end of the pandemic emergency. Since then, the Governor issued a series of executive orders suspending the City's authority to sell tax liens, a decision that I strongly supported.

The decision to delay the 2020 New York City lien sale was a lifeline for struggling homeowners who fell behind on their tax and water bills. At a time of escalating unemployment and food insecurity, delaying the sale saved thousands of families from further anguish and anxiety, and prevented the continued destabilization of neighborhoods that are battling the health and economic impacts of the COVID-19 pandemic. The delay was also effective in allowing thousands of property owners to enter into payment plans with the City and thus be removed from the lien sale list. The 2020 lien sale list now includes fewer properties than any year in recent memory, which is a great success. I thank you both, along with councilmembers and administration staff, for working so hard to reach homeowners at this difficult time.

But we need more than a short-term fix. The troubles and inequities of the tax lien sale run deeper than and have lasted for far longer than the current pandemic. I urge you to look at this moment as an opportunity for reform. There is a movement growing in New York City to transform the lien sale from a process that tears down neighborhoods to one that builds them up. We can imagine a new system that, on one hand, still gives the City enough leverage to collect on delinquent taxes while, at the same time, avoids the displacement of long-time homeowners and tenants, the destabilization of neighborhoods, and the transfer of wealth from homeowners to lenders and property speculators. With some ingenuity and effort, we can create a system that turns distressed buildings into permanently affordable housing, and for less cost than new development. In short, we can remake this system from one that is a specter of despair into an instrument of hope.

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In New York City and throughout the state, we've learned about the power of community ownership models to revitalize and strengthen neighborhoods. Moving forward, community land trusts and land banks can and should be a mechanism for the City to dispose of tax delinquent properties. Using this model, the City can ensure that current residents remain in their homes, while securing these properties as community assets in perpetuity. Initial costs to the City may be higher, but long-term, the City will reap the benefits of housing and neighborhood stability. No more displacement, and no more enriching predatory property speculators. With this model we can build community power.

On many occasions, I have expressed my dismay at the disproportionate impact the lien sale has on Black and brown communities. As Public Advocate, I pushed for reforms to the lien sale to protect the City's most vulnerable homeowners, non-profit institutions, and houses of worship. These reforms would have done much to save families and non-profits from losing their properties in the intervening years.

Now we are at a pivot point. The City's authority to sell tax liens is suspended via executive order through the end of the year. Meanwhile, the City's authorizing legislation expires December 31, and it will take an act of the City Council to once again authorize the sale of tax liens after that date. This is our opportunity for major reform. I wish to work with you both to bring together experts, advocates, and elected officials so that we may establish a new system of collecting delinquent taxes in New York City. Out of crisis comes opportunity, and I urge you to not let this opportunity to pass us by.

Sincerely,

A handwritten signature in blue ink that reads "Letitia James". The signature is written in a cursive, flowing style.

Letitia James