

Beyond Reform

Evidence from the 2025 Lien Sale

New York City's method of handling municipal debt since 1996 — a Tax Lien Sale to investor-backed Trusts — has been racially unjust and inequitable. This Sale harms homeowners and tenants alike. Homeowners, many of whom have owned their homes for decades, risk losing their homes to unscrupulous, predatory real estate investors and through tax foreclosure. Tenants are exploited by landlords who collect rent but fail to pay their City charges and don't properly maintain their buildings. *These harms are not experienced equally: Black and Brown communities bear the brunt of the harms perpetrated by this misguided policy.*

Despite changes implemented for the 2025 Sale — including more frequent notifications, increased outreach to at-risk households, and programs to help people get their properties out of the Sale — the outcomes were no different than in years past.

The Trust-based Lien Sale is beyond reform. The Administration and City Council must halt all lien sales and fund extensive community-based outreach until a new system is in place.

Findings & Recommendations

from our forthcoming report *Beyond Reform: Evidence from the 2025 Lien Sale*

The Tax Lien Sale encourages real estate speculation

Publicly posting lists of lien sale properties serves as a 'roadmap' for speculators. Residents, both homeowners and tenants, were frequently skeptical of canvassers, often thinking they were scammers or speculators. Numerous canvassers noted that when they arrived at properties they would often see flyers that said "Sell Your House for Cash" or "We Buy Homes for Cash."

Any new system must not include an annual directory of the City's most vulnerable owners

Long-time homeowners in Black and Latine neighborhoods were disproportionately impacted

In majority Black community districts, 1-3 family Tax Class 1 properties owned for more than 10 years were **10 times as likely to have a lien sold** than in majority white districts and **3 times as likely** in majority Latine districts.

The Lien Sale disproportionately affects Black and Latine neighborhoods

1-3 family Tax Class 1 properties in **majority Black neighborhoods were 6 times more likely to have a lien sold on them** than properties in majority white neighborhoods, while majority **Latine neighborhoods were 1.6 times more likely to have liens sold.**

Uncertainty and confusion about the Lien Sale

Despite efforts to increase outreach to at-risk households, tenants and homeowners living in at-risk properties revealed a deeply concerning pattern of confusion, administrative delays, and financial hardship. Homeowners reported being unaware of outstanding charges, did not know that side lots and driveways may have separate tax bills, or were overwhelmed by the amount owed and their ability to pay. Tenants often had no idea that they could potentially be displaced by the lien sale and that their landlords were not paying their taxes, water, and other City charges.

Outreach efforts by agencies and community-based organizations to owners with City debt must be bolstered and sustained year-round.

Most properties were rental and in poor condition

Most of the properties Coalition members visited were rental properties and tenants reported unresponsive landlords, persistent problems with their homes, and concerns about losing their homes due to landlord harassment or being on month-to-month leases. Landlords across the City use nonpayment of City charges as a way to increase their income and when the bill comes due tenants pay in deteriorating living conditions.

Tax Class 2 rental properties, excluding condominiums and cooperatives, eligible for the lien sale averaged 2.2 open Class B & C Housing Maintenance Code violations per unit and those that had a lien sold averaged nearly twice as many, 4.1 open violations. **The average violation rate is 8 times higher for properties with liens sold** on them than buildings unaffected by the lien sale, which had just under 0.5 violations per unit.

Tenants must be supported in holding their landlords accountable and taking steps towards ownership if they are interested.

Challenges with exemptions

Many homeowners, especially aging adults, were unaware that they may have been eligible for exemptions or other programs that would have prevented their homes from being at-risk of the lien sale. Others had previously been granted exemptions but were unaware that they needed to be renewed. Retroactively applying for an exemption is not possible — with no exemption, once the charges are levied they are legally obligated to pay. If they can't pay, they risk losing their homes.

The City must work with the State to make retroactive exemptions possible.

DOF created barriers & offered poor guidance

DOF staff counseled homeowners to enter into standard payment plans and discouraged use of the “Easy Exit” program, regardless of an owner's ability to make payments.

Heirs need particular support to protect their homes. In 2025, heirs with title issues were eligible to apply to be removed with a Probate Removal application if they were pursuing a case in Surrogate's Court but starting such a proceeding is often a difficult barrier for families to overcome.

**ABOLISH THE NYC
TAX LIEN SALE
COALITION**

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