Beyond Reform

Evidence From the 2025 Tax Lien Sale

May 2026

ABOLISH THE NYC TAX LIEN SALE COALITION

Abolish the Tax Lien Sale Coalition

Founded by members of the East New York Community Land Trust in 2020, the Abolish the NYC Tax Lien Sale Coalition is a citywide coalition of community land trusts, community organizations, nonprofit affordable housing providers, and policy advocacy groups. Coalition members have held town halls, knocked on thousands of doors, and spent countless hours unpacking this opaque system and documenting its devastating impacts on homeowners and communities.

Endorsed by: NYC Communities for Change, The Center for NYC Neighborhoods, UHAB | Urban Homesteading Assistance Board

Authors

Jakob Kendall Schneider
Senior Program Manager, Research & Policy
East New York Community Land Trust

Paula Z. Segal
Senior Staff Attorney, Equitable Neighborhoods Practice
TakeRoot Justice

Acknowledgements

The authors would like to thank our fellow Coalition members for their support throughout this process: documenting their outreach efforts, completing surveys for each person their organization spoke with, and providing helpful feedback on each draft of the report.

We extend our appreciation to the legal services providers across New York City who took time to share with us their experiences of working with those at risk of the lien sale.

We would also like to thank Julia Duranti-Martínez and John Krinsky for their insightful comments and suggestions.

Table of Contents

Introduction

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 has not been lost on elected officials. Both former Mayor Eric Adams and current Mayor Zohran Mamdani committed to ending the practice when campaigning.

Despite his campaign promise, Eric Adams pushed for the reauthorization of the lien sale in 2024 and his administration oversaw the lien sale in 2025—the first lien sale held since 2021. Fortunately, the City Council passed a set of bills in 2025, then overrode the former mayor's veto of them in January 2026, that would end the current system and replace it with the sale of liens to a publicly-accountable land bank. Mayor Mamdani suspended the 2026 Lien Sale and has not included lien sale revenue in his Fiscal Year 2027 budget, but has not yet committed to abolishing the sale or implementing the replacement system.

The lien sale harms homeowners and tenants alike. Homeowners risk losing their homes and home equity to predatory real estate investors and tax foreclosure. Tenants are exploited by their landlords who collect rent but fail to pay their City charges and properly maintain their buildings. **The harms of the lien sale are not experienced equally: Black and Brown communities bear the brunt of the harms perpetrated by this misguided policy.** The disparate harms experienced by Black and Brown communities have been justified by the need to collect City arrears. Yet, the harms and costs the lien sale imposes outweigh the benefit, especially when measured against the costs and benefits of a more equitable, just, and transparent system with robust, effective outreach.

The Mamdani Administration and City Council must not hold any lien sales until the replacement system is up and running. The City must also continue to assist homeowners with their outstanding debt, in collaboration with advocates rooted in the communities most impacted by the Lien Sale, and hold negligent landlords accountable.

This report details findings of the Abolish the NYC Tax Lien Sale Coalition members, who conducted extensive outreach to homeowners and tenants in advance of the 2025 Lien Sale. We find that the lien sale disproportionately impacts Black and Brown communities.

- Despite increased outreach efforts in 2025, the City still failed its most vulnerable homeowners and heirs by failing to provide complete and timely information to owners and advocates, and counseling homeowners into payment plans regardless of their ability to repay.
- Liens were 6 times as likely to be sold on 1-3 family homes in majority Black neighborhoods compared to majority white neighborhoods.
- Five majority Black and Latine Community Districts account for more than one-third of all liens sold.
- 1-3 family properties that have been owned for more than 10 years are 10 times more likely to have a lien sold in majority Black districts compared to majority white districts.

Simply put, the 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 of debt collection is in place.

The New York City Tax Lien Sale

The City Council authorized the sale of liens to a third-party "Trust" in 1996, a system designed in collaboration with the Mayoral Administration of Rudy Giuliani. The lien sale is centered on the transformation of outstanding City debt into an investment vehicle: tax lien trusts purchase liens from the City at a steep discount and then make money for their administrators and investors by charging fees and interest on the original amounts owed. The "trusts" formed to do these transactions not only take over from the City as debt collectors — they also obtain the right to foreclose on properties and auction them to the highest bidders.

How the Current Lien Sale System Works

Under the lien sale system, for each year that there is a sale, a new privately-managed trust is formed. The trust then sells bonds to fund the purchase of liens from the City. The City sells the liens to the trust at a discount; historically this has been about 70 cents for each dollar of debt. The trust then hires servicers to collect the debt to pay back the bond-purchasing investors, ratings agencies, and debt collectors. If the property owner does not voluntarily redeem their lien or enter into a forbearance agreement within one year after the date the liens were sold, the trust can start a foreclosure case in court; if the trust wins the case, the property is auctioned to the highest bidder and proceeds are used to pay the trust's fees, interest, and expenses on the original debt. If any surplus is left over after all the private parties are paid, the former property owner can claim it by filing a request with the court system.

Three Decades of the Tax Lien Sale

Prior to the creation of the Tax Lien Sale system, the City acted as its own debt collector, and had done so through several decades of economic difficulty and landlord abandonment. By the early 1990s, the Department of Housing Preservation and Development (HPD) had become the largest landlord in the City, consuming substantial resources: the City spent approximately $2.2 million to manage, repair, and sell each building, and on average, the City would own a property for 19 years. In 1993, under Mayor David Dinkins, the City ended the practice of taking ownership of tax delinquent properties, and for three years the City had no enforcement mechanism for delinquent property owners at all.[1] In 1994, Mayor Rudy Giuliani inherited a crisis that opened the opportunity for privatization of the whole municipal debt enterprise: the City had come to own and manage about 38,000 housing units in occupied buildings through municipal debt foreclosure and was completely unequipped to do so.[2]

Advertised as a solution to distressed properties in the City's neighborhoods, the Tax Lien Sale and the Third Party Transfer program were adopted together in 1996, creating a pathway for the City to avoid ownership, get a portion of the charges due paid to it up front by investors in the Tax Lien Trusts, and remove unpaid tax debt from the City's balance sheet to improve its rating as a potential bond issuer;[3] it would still foreclose on a subset of "distressed" buildings, but instead of taking ownership, it would transfer them to private owners for renovation and preservation. The two programs together definitively ended an era of steady growth of New York City's property portfolio.

For 30 years, the Lien Sale has been the only enforcement tool for delinquent municipal charges. Before each sale, the City made a list of sale-eligible properties available publicly, exposing vulnerable New Yorkers to deed fraud and other scams. The Department of Finance claimed that the sale is integral to debt enforcement because in any typical year, "more than 80 percent of owners pay the full amount owed, enter into payment plans, or obtain an exemption that removes them from the at-risk pool."[4] Yet, as most property owners do want to pay their obligations to the City, any enforcement system with a clear annual deadline prior to escalating consequences for non-payments is likely to produce a similar result.

The Council has never granted the City blanket authority to conduct lien sales. During the era of lien sales, each Council authorization had an expiration date that forced the Council and the administration to evaluate and renegotiate the program. Lien sales were authorized 10 times since its inception and lien sales were held most years since 1996.

Sale authority has been adjusted through legislation since its inception: what had started as only authority to sell property tax debt in 1996 was expanded to the sale of water and sewer debt on every kind of property by 2007, and Emergency Repair and Alternative Enforcement Programs charges by 2011.[7] Also in 2011, the City Council first started adding protections for owners that had not existed before, and beginning in 2016, it initiated a number of task forces that were meant to examine the sale's impact and effectiveness.

Notably when the COVID-19 pandemic broke out in March 2020, then-Mayor de Blasio's administration had a lien sale scheduled for May; on the mayor's authority, that sale was delayed twice, first to August and then to September.[5] After the Mayor acted on his own authority, then-Governor Andrew Cuomo prohibited lien sales from occurring statewide several more times. Cuomo's last order, in December 2020, barred lien sales until January 1, 2021, one day after the then current authority for the DOF to sell liens expired.[6] There would be no lien sale in 2020. This was a victory for the Coalition. Our organizing to abolish the lien sale had garnered renewed support from several elected officials who had long pushed for substantive reforms, while bringing a set of elected officials who were new to the issue into the fold.

The lien sale was reauthorized for one year in 2021. This was a departure from past reauthorizations that typically provided the DOF authority to sell liens for three to four years. The Coalition was instrumental in limiting the reauthorization to one year through an intensive organizing campaign to educate the public and elected officials on the harms of the lien sale. The one-year reauthorization allowed the sale of liens in 2021, but it created an opportunity for the Coalition to organize against another reauthorization. The Coalition seized the opportunity and was successful in gaining commitments from a majority of City Council members to not support reauthorization of the sale when it expired. These commitments were memorialized in a letter from Council Members to Mayor Adams stating they would not support reauthorization. No lien sales were held in 2022, 2023, and 2024, and the reauthorization of the lien sale in 2024 included unprecedented, although insufficient, protections and support for at-risk property owners that the Coalition pushed for (see Page 5).

Task forces were convened in 2016, 2021 and 2025. The Abolish the Tax Lien Sale Coalition was instrumental to having community representation on the 2021 and 2025 task forces. While the 2021 Task Force failed to release a final set of recommendations, the 2025 Task Force bore fruit after a push from the Coalition. The 2024 legislation reauthorizing the tax lien sale charged the Task Force with examining "whether alternatives to such [tax lien sale] trust exist, or could be developed." Yet, a review of the Task Force's preliminary recommendations gave little indication that alternatives to the current system were being explored.

Coalition members packed a public hearing on the preliminary recommendations and disrupted the hearing, calling on the Task Force to fulfill its mandate: explore alternatives to the trust-based lien sale system. Subsequently, the Task Force did examine alternatives, and while they were unable to reach consensus on recommendations for a replacement system, the consideration of alternatives resulted in the aforementioned passage of bills in 2025 to replace the current system.

During his campaign, Mayor Mamdani described the Lien Sale as "a relic of the Giuliani-era that has been a blight on our city for decades."[8] The system has strained both renters and homeowners, leaving tenants in dangerous conditions and stripping families of property.[9] It has also left neighborhoods to deal with blighted properties without help from government as crumbling buildings are excluded from the Lien Sale year after year. In other cases, buildings have liens sold but the trust does not exercise its discretion to commence foreclosure for decades.

Tax Class Definitions

Property in New York City is divided into tax classes for property tax assessments, and various programmatic and administrative purposes. Throughout this report we refer to these tax classes:

Tax Class 1	Most residential property up to three units (including family homes and small stores or offices with one or two apartments attached), and most condominiums that are not more than three stories.
Tax Class 2	All other property that is not in Class 1 and is primarily residential (rentals, cooperatives, and condominiums).
Tax Class 3	Most utility property. *(Excluded from lien sale)*
Tax Class 4	All commercial and industrial properties, such as office, retail, factory buildings, and all other properties not included in Tax Classes 1, 2, or 3.

When the Council reauthorized the Lien Sale for four years in 2024 (Local Law 82)[10] it made the following changes:

- Increasing the frequency by which the Department of Finance (DOF) must notify owners of real property of any and all real property tax liens they have, as well as inform owners on how to learn what liens the Department of Environmental Protection may have issued for nonpayment of sewer or water rents or sewer surcharges.

- Adding minimum payoff information to all past due notices.

- Prohibiting the sale of tax liens on vacant land that has been determined not suitable for development by a Mayor-determined agency.

- Requiring the Department of Housing Preservation and Development (HPD) to conduct Housing Maintenance Code inspections of Tax Class 2 multi-family dwellings that have appeared on the tax Lien Sale list at least twice over a four-year period, and for DOF to provide a list of such properties to HPD before conducting a Lien Sale.

- Increasing and fixing the property tax and interest deferral (PT AID) payment plan income threshold to match that of the Enhanced STAR threshold; increasing how much property tax may be deferred under PT AID.

- Creating a new type of PT AID payment plan that mirrors elements of the circuit breaker proposed by the Advisory Commission on Property Tax Reform whereby an owner pays no more than 10 percent of their income and may defer the amount above that percentage, so long as the remaining payments are not less than $1,500 a year.

- Establishing an "Easy Exit" program, where owners of certain Tax Class 1 properties and condominium units can request DOF remove their home from the tax Lien Sale up to three times within a 36-month period, as of right.

- Mandating that interest charged by the lien trust will be the same as City interest rate for liens sold starting in 2025.

- Making the 5% surcharge at sale refundable for primary residents who are making less than the Enhanced STAR threshold as long as they pay off the debt to the trust.

- Creating a voluntary foreclosure program whereby existing debt would be extinguished and title to the property will be transferred to a Qualified Preservation Purchaser ("QPP"). In turn, the QPP provides the property owner a long-term affordable lease which can be passed on to heirs and allows for the former homeowner to recoup any equity they held in the property.

In addition, the administration committed to fund outreach each year to homeowners and tenants.

A Program Beyond Reform

2025 proved that the Lien Sale is beyond reform. Despite well-meaning process changes legislated in 2024 intended to improve outcomes for both tenants and owners, the 2025 sale did not deviate from the pattern of pre-reform lien sales: the City published a list of nearly 30,000 properties with unpaid bills early in 2025, providing speculators three months and a roadmap for finding owners who might be convinced to sell for less than market value or be susceptible to other schemes. Despite "Easy Exit" and payment plan options, the final sale included approximately 15% of properties on the list that had liens sold, consistent with the proportion sold each year 2015 through 2019 (Table 1).[11]

When campaigning in summer 2025, Mayor Zohran Mamdani made a promise to "stop the Lien Sale on Day One" and create a new collection system.[12] The City Council has already provided the structure for such a system, with a New York City land bank at its heart, and passed legislation to authorize selling liens to the land bank starting in 2029.[13] A pause on sales while a replacement system is established would give New Yorkers the promised relief while having a minimal negative impact.[14]

Even with the amendments to the City Code passed by the New York City Council, and with funded outreach, the most harmful elements of the Lien Sale remained in 2025. The City still published a list of the most vulnerable homeowners, providing a road map to scammers. The Lien Sale still added thousands of dollars in fees, charges, and interest to what owners' already owe, even as the City receives approximately 70% of the amount that is owed for municipal liens and none of the additional amounts charged, which go entirely to lien servicers, attorneys, investors, and others.

Table 1: Lien Sale Eligible and Liens Sold, 2015 - 2025

Tax Class	90-day Eligible	Liens Sold	% Liens Sold
2015			
1	16,766	2,103	12.5
2	5,505	927	16.8
4	4,962	1,198	24.1
Total	**27,233**	**4,228**	**15.5**
2016			
1	14,028	1,581	11.3
2	5,021	727	14.5
4	5,153	1,153	22.4
Total	**24,202**	**3,461**	**14.3**
2017			
1	13,655	2,055	15.0
2	4,644	722	15.5
4	4,515	1,189	26.3
Total	**22,814**	**3,966**	**17.4**
2018			
1	14,077	1,941	13.8
2	4,664	704	15.1
4	4,149	1,083	26.1
Total	**22,890**	**3,728**	**16.3**
2019			
1	12,019	1,950	16.2
2	5,190	735	14.2
4	4,810	1,039	21.6
Total	**22,019**	**3,724**	**16.9**
2021			
1	3,657	1,201	32.8
2	3,295	705	21.4
4	4,242	935	22.0
Total	**11,194**	**2,841**	**25.4**
2025			
1	15,142	2,150	14.2
2	8,875	1,129	12.7
4	5,955	1,266	21.3
Total	**29,972**	**4,545**	**15.2**

Source: NYC Dept. of Finance

What We Heard from Residents

Coalition members conducted extensive outreach in advance of the 2025 Lien Sale. Members canvassed nearly 1,500 properties representing about 4,500 residential housing units in Brooklyn and Queens, hosted virtual and in-person lien sale information sessions, and attended and supported at DOF tax lien sale events.

Our door-to-door outreach was primarily to Tax Class 1 properties: more than 80% had 1-3 residential units. The remainder were Tax Class 2 and were typically smaller buildings: 15% percent of the properties we visited were 4-6 units and fewer than 4% had more than seven units. In most cases, we were unable to speak with a resident and left information in a mailbox or door, but we did speak to someone at a third of the properties. Most of the residents we spoke with were tenants—of the 450 properties where we were able to verify ownership fewer than 40% were owner-occupied.

There were a set of recurrent themes that Coalition members heard during their outreach efforts:

- Residents thought canvassers were predatory speculators or scammers
- Uncertainty and confusion about the lien sale and what to do when at-risk
- Lack of awareness of exemptions that could prevent lien sale eligibility
- Most properties were rental properties and were often in poor condition

Residents thought canvassers were predatory speculators or scammers

Residents, both homeowners and tenants, were frequently skeptical of canvassers, often thinking they were scammers or speculators. In most cases, we were able to move beyond the initial skepticism by introducing our organizations, sharing printed information, and offering follow-up support. Our experiences reflected the reality that people face when their properties are at-risk: the lien sale has long provided an opportunity for predatory real estate speculation. We saw evidence of this when we visited at-risk properties. 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."

The DOF's practice of publicly sharing the list of lien sale-eligible properties is problematic in two important ways. First, it essentially hands speculators a list of distressed homeowners to target. That canvassers were initially thought to be scammers or speculators is indicative of the pervasiveness of visits from such actors. This leads to the second concern: publicly publishing these lists runs counter to the goal of robust outreach since people conducting door-to-door outreach are often mistaken for unscrupulous real estate predators. When residents don't answer the door or wave off people trying to help them, they are at greater risk of having a lien sold on their home.

Uncertainty and confusion about the lien sale and what to do when at-risk

Coalition member engagement with tenants and homeowners living in at-risk properties revealed a deeply concerning pattern of confusion, administrative delays, and financial hardship. Some homeowners didn't fully understand what the notices meant. They reported they were current on their property taxes, but were unaware that being behind on their water bills could result in a lien. Some property owners were unaware that they had separate tax bills for driveways or side lots. In other cases, they were overwhelmed by the notices and were shocked to learn that they might lose their homes. Others were not clear on the next steps or what they could do to resolve their arrears.

The challenges faced by owners and residents of lien sale-eligible properties are heightened when an owner passes away. Coalition members spoke with and assisted numerous family members whose relatives had died, but didn't have the knowledge, income, or both, to probate the estate. Many of these surviving family members had lived in these homes for much if not all of their lives and were now faced with the potential loss of their homes. While some people that Coalition members assisted were able to have cases escalated with the DOF, there are likely many more people that have fallen through the cracks. If liens were sold on those properties, heirs are not only at risk of losing intergenerational wealth but of becoming homeless.

Uncertainty and confusion persisted even though the City has increased its outreach efforts. In some cases, as we discuss later, engagement with DOF heightened confusion: owners were often told that they should enter payment plans instead of using other options at their disposal, such as an "Easy Exit." Instead of solving an owner's problem, a payment plan can exacerbate the problem and push owners deeper into financial distress because defaulting on a payment plan would make them ineligible for other options to address arrears; for owners with limited income, default is a likely outcome.

Tenants often had no idea that they could be displaced by the lien sale and that their landlords were not paying their taxes, water, and other City charges. Some were dismayed to learn that even though they had been paying their rent that there was the possibility that they could lose their homes. Others were unsurprised given that their landlords didn't take care of their buildings, with some reporting that they had to pay for repairs out of their own pockets to ensure their families had a safe and decent home.

Lack of awareness of exemptions that could prevent lien sale eligibility

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. Some people we spoke with said they had previously been granted exemptions but were unaware that they needed to be renewed. Had DOF been more proactive in their outreach to these owners, they may have never been at risk of the lien sale in the first place.

When owners do not have exemptions that they are entitled to, they are put at risk of losing their homes. There is no possibility to retroactively apply for an exemption — without an exemption, once the charges are levied they must be paid. Homeowners, especially aging adults on fixed incomes, often do not have the means to pay their outstanding charges. Research has shown that when owners are facing the loss of their home it causes stress that can compromise mental and physical health, which further hinders an owner's ability to deal with their debt.[15] This may result in a vicious cycle of health problems and heightened financial distress, which poses a greater risk of displacement and loss of household wealth. The City should seek to alleviate such stresses, not increase them.

Most of the properties were rental properties and were often 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. Reports of water leaks and mold were common, as were rat and cockroach infestations, and lack of heat or hot water. We also encountered multiple properties where landlords illegally split units, which often exhibited poor workmanship that caused dangerous living conditions—exposed electrical wiring, inoperable door locks, and no fire escapes or exits. In other words, not only were landlords not paying their outstanding City debt, but they were also not taking care of their buildings and often put the health and safety of tenants at risk.

Landlords use nonpayment of City charges as a way to increase their income, but when the bill comes due tenants pay in deteriorating living conditions. These owners are banking on HPD's demonstrated record of weak enforcement of multifamily properties and gambling that making minimum payments will keep their buildings out of tax foreclosure.

For example, we found a set of seven properties in Rockaway owned by an LLC with a Forest Hills address that were in severe physical distress. This portfolio of three-unit properties averaged 8.23 hazardous and immediately hazardous Housing Maintenance Code violations per unit, with one property averaging more than 17 violations per unit. Canvassers were able to speak with tenants in three of the buildings who reported consistently poor building conditions and a landlord who rarely responded to their requests for repairs. The owner of these properties managed to avoid having liens sold on all but one of the properties, but it seems that has come at a cost to tenants: the portfolio now averages 10.4 hazardous and immediately hazardous violations per unit, with the most distressed building now having 23.3 violations per unit. The City has also incurred costs: as of April 2026, the owner has accumulated nearly $45,000 in outstanding Emergency Repair Program charges on four of the properties since last year's lien sale in June.

What We Heard from Legal Service Providers

Former Department of Finance (DOF) Commissioner Preston Niblack stated in his November 2025 testimony to the City Council Committee on Finance that his agency's "goal was to protect homeowners and help them resolve their debt, rather than simply focus on collection and enforce-ment."[16] The Commissioner's assertion that their goal was protecting homeowners is at odds with what was reported by legal service providers and others we spoke to who worked closely with homeowners and heirs and were present at DOF-hosted lien sale events. In their rush to hold a lien sale, DOF demonstrated its inability to properly manage the process which put an unknown number of tenants and homeowners at risk of losing their homes.

Department of Finance discouraged use of the "Easy Exit" program and created impediments to its use

At DOF events around the City, legal service providers and other attendees heard DOF staff counsel homeowners to enter into standard payment plans and discouraged use of the "Easy Exit" program, regardless of an owner's ability to make payments. This is especially problematic because defaulting on a payment plan means that an owner is ineligible for a payment plan for five years. Urging owners to enter a payment plan regardless of their circumstances and ability to repay doesn't protect homeowners.

The Easy Exit option was designed to give owners more time to figure out what they could do to address their arrears, but it was "constrained in its application and underutilized" according to the Coalition for Affordable Homes. Furthermore, the DOF did not implement the Easy Exit program as intended by the legislation authorizing it: the Code defined an occupant "owner" of a property who must income qualify for Easy Exit as "a natural person who has a fee interest in a property or dwelling unit."[17] As written, any low income owner should have qualified for Easy Exit as long as they lived in the home, but the Department required applicants to submit the incomes of all people who had an ownership interest in the property and used the total of those incomes to determine eligibility for Easy Exit.[17] Not only did this create an impediment to applications by those who did not have easy access to income documents from far-away relatives, it also significantly shrunk the pool of New Yorkers eligible for the new program. The DOF reported that they received fewer than 1,000 applications for Easy Exit.[18]

Department of Finance created barriers for heirs and demonstrated its inability to serve struggling owners

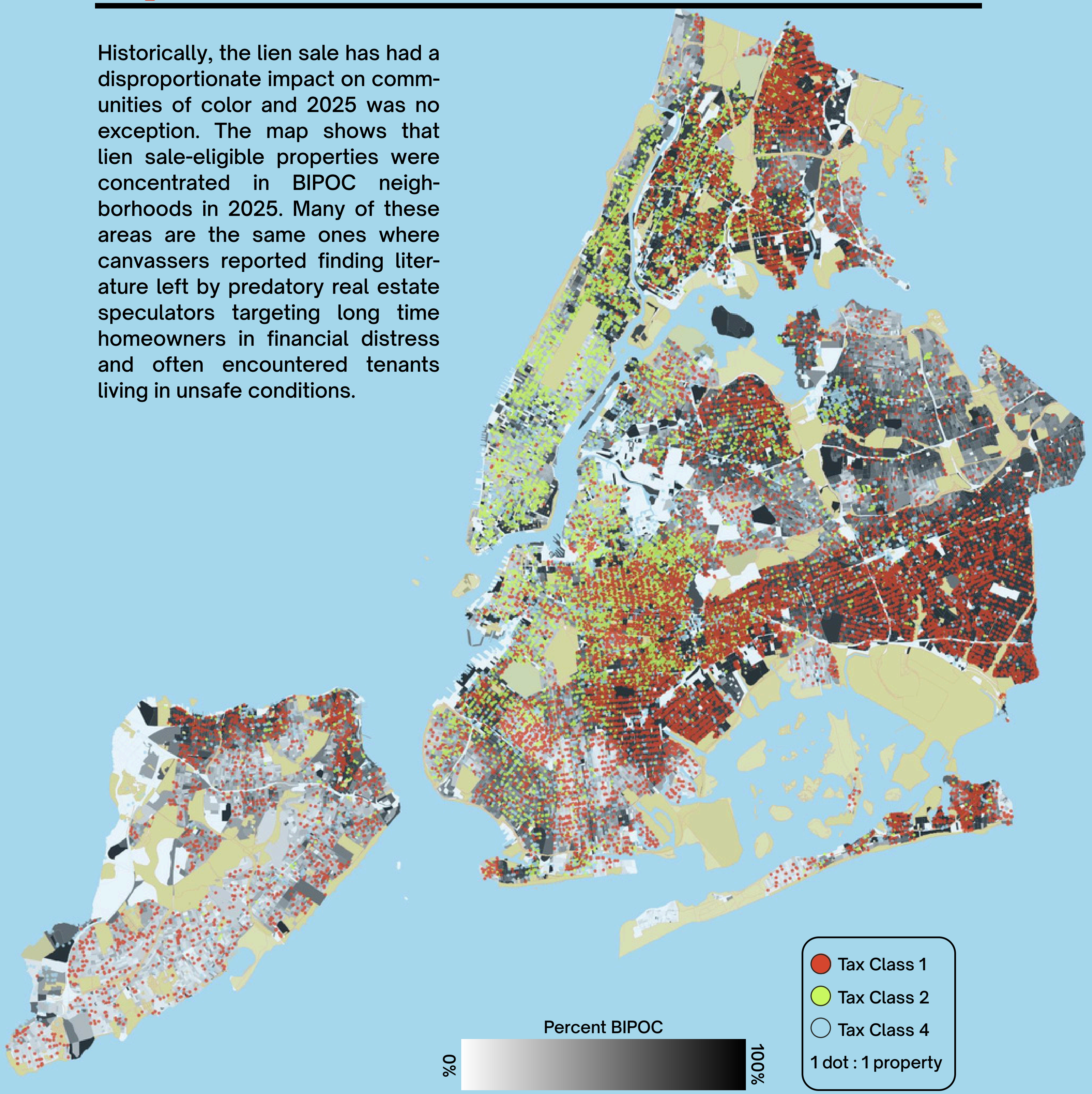
The DOF's handling of heirs and heirs' property created unnecessary barriers to accessing programs that would protect people's homes and preserve intergenerational wealth. DOF decided who a property owner is, even though a property transfers to living heirs without the requirement for a legal proceeding. In other words, the DOF required probating an estate even when it wasn't strictly necessary. This put options to address arrears or remove a property from the lien sale out of reach for many heirs. The Department did offer a probate removal application, but did not make this available on their website nor did they inform legal service providers and housing counselors about this option.[19] An untold number of people who may have been entitled to this option did not receive it due to the DOF's failure to share this option publicly and with providers counseling heirs. One legal services provider said that they suspect an "extraordinary" amount of wealth was lost in the 2025 lien sale because property owners were "given bad information."

The specific examples noted above—pushing owners into payment plans, advising against the Easy Exit program (and improperly implementing it), and failing to provide information—is indicative of a broader process of lien sale mismanagement. Testimony from the Coalition for Affordable Homes (CAH) also pointed out that DOF "misplaced or mis-processed homeowners' exemption applications that were submitted by mail rather than online," raising concerns about delayed or improperly denied exemptions.[20] CAH pointed out that DOF initially rejected Easy Exit and Probate Removal applications for homes held in trust, was understaffed to handle the amount of customer service calls it received, and stopped responding to homeowners and advocates because of staffing and implementation issues. DOF tacitly admitted its inexcusable and extreme mismanagement of the lien sale when it was forced to delay the sale by two weeks.

The experiences of homeowners and tenants, as told through the work of Coalition members and legal service providers attests to the fact that the lien sale is beyond reform. These experiences are matched by a set of systemic problems with the lien sale that targets homeowners and tenants in New York City's working-class Black and Brown communities, to which we now turn.

The 2025 Lien Sale by the Numbers

Historically, the lien sale has had a disproportionate impact on communities of color and 2025 was no exception. The map shows that lien sale-eligible properties were concentrated in BIPOC neighborhoods in 2025. Many of these areas are the same ones where canvassers reported finding literature left by predatory real estate speculators targeting long time homeowners in financial distress and often encountered tenants living in unsafe conditions.



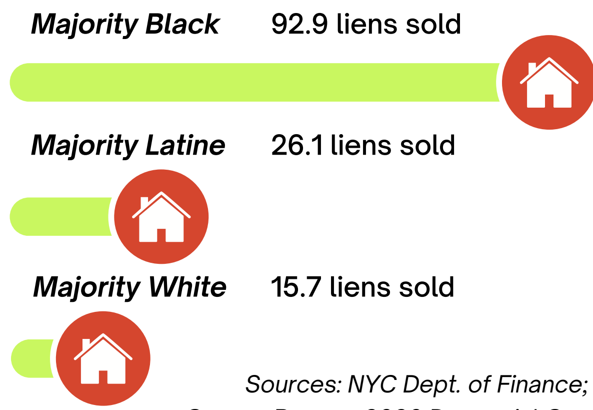
Sources: NYC Dept. of Finance; NYC MapPLUTO; US Census Bureau, 2020 Decennial Census

The tax lien sale disproportionately impacts owners and tenants in majority Black and Latine neighborhoods

In 2025, like in years past,[21] property owners in majority Black neighborhoods were more likely to be eligible for the lien sale and have liens sold on their properties. Many of these neighborhoods — in East Brooklyn, Southeast Queens, and Northeast Bronx — have some of the City's highest Black homeownership rates. 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** in them than white neighborhoods (Figure 1).

The 2025 lien sale also had a disproportionate impact on households living in tax lien sale-affected properties. Many property owners rent units in their homes, which is also a threat to tenants living in tax lien sale properties. **Majority Black neighborhoods were 7.4 times more likely to have a residential unit in a Tax Class 1 property sold in the lien sale** than majority white areas and **tenants in majority Latine neighborhoods were 2.7 times more likely.**

Figure 1: Average Liens Sold by Community District



Sources: NYC Dept. of Finance; US Census Bureau, 2020 Decennial Census

Tax lien sales on Tax Class 1 properties were concentrated in a handful of Community Districts. **More than one-third of the 2,150 Tax Class 1 properties that had liens sold on them in 2025 were located in just five of the City's 59 Community Boards** (Table 2). All but one, Brooklyn Community Board 5, are majority Black and all are at least 60 percent Black and Latine.

Table 2: Top 5 Community Districts for Tax Class 1 Liens Sold

	Liens Sold	% Black	% Latine	% Black & Latine
Community Board 412 Jamaica, Hollis, St. Alban, Springfield Gardens, Baisley Park, Rochdale Village, and South Jamaica	213	53.9	18.1	72.0
Community Board 305 East New York, Cypress Hills, Highland Park, New Lots, City Line, Starrett City, and Ridgewood	155	46.0	36.8	82.8
Community Board 318 Canarsie, Bergen Beach, Mill Basin, Flatlands, Marine Park, Georgetown, and Mill Island	148	59.0	8.8	67.8
Community Board 212 Edenwald, Wakefield, Williamsbridge, Woodlawn, Norwood, Fish Bay, Eastchester, Olinville, and Baychester	127	60.6	27.0	87.6
Community Board 413 Queens Village, Glen Oaks, New Hyde Park, Bellerose, Cambria Heights, Laurelton, Rosedale, Floral Park, and Brookville	104	51.6	12.5	64.1

Source: NYC Dept. of Finance; US Census Bureau, 2020 Decennial Census

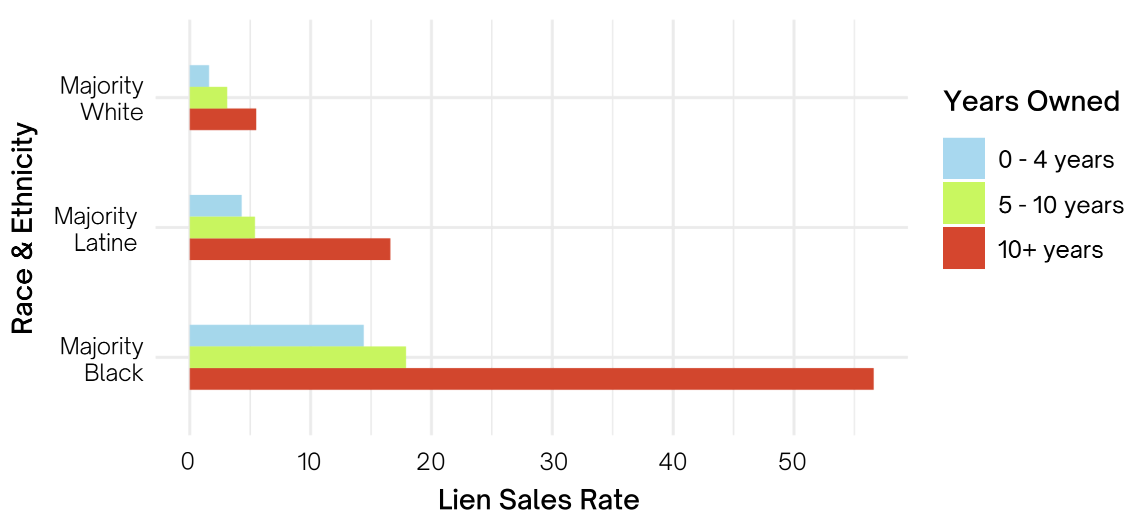
The lien sale puts long-time owners in majority Black neighborhoods at risk of losing their properties

Across the City, the lien sale threatens long-time homeowners with losing their properties. In 2025, owners of Tax Class 1 lien sale-eligible properties have, on average, owned them for more than 16 years; those with liens sold on them have been owned by the same families for, on average, more than 18 years.

Comparing how long Tax Class 1 properties have been owned in majority white, Black, and Latine community districts reveals disparities. Although the averages for the different majority districts are close for properties with liens sold on them—ranging from 17.2 years for Latine districts to 18.7 years in majority Black districts, with majority white districts at 18.0 years—the median years highlight important differences. In majority Black districts, the median years of ownership was 17 while majority white districts have been owned for about 1.5 years less, with the median for majority Latine districts at 16.7 years.

The lien sale increases the likelihood that majority Black and Latine owners face the threat of displacement. While the average years of ownership are fairly close across all neighborhoods, the fact that majority Black and Latine neighborhoods see more liens sold means that more long-term homeowners are at risk of losing their homes in these neighborhoods. This is evident in Figure 2, which shows the rate of lien sales for majority Black, Latine, and white districts. **In majority Black districts, families that have owned their properties for more than 10 years are nearly 10 times more likely to have a lien sold compared to majority white districts, and the rate is nearly 3 times higher for majority Latine districts compared to majority white districts.**

Figure 2: Average Lien Sales Rate by Community District and Duration of Ownership (Tax Class 1)[22]



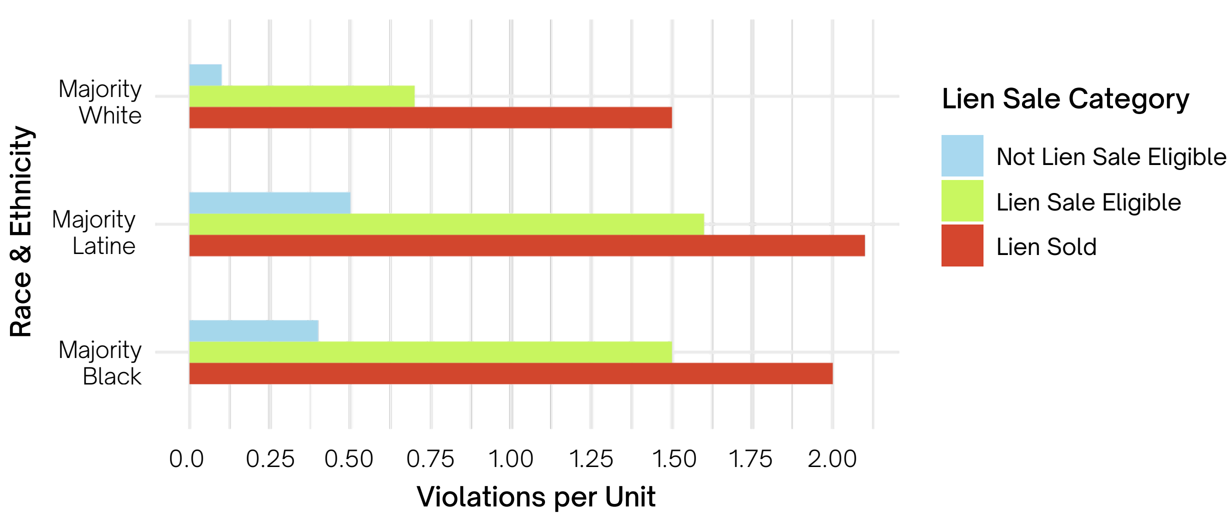
Sources: NYC ACRIS; NYC Dept. of Finance; US Census Bureau, 2020 Decennial Census

Lien sale rental properties are more distressed than similar properties unaffected by the lien sale

When the City sells liens, it gives up its leverage over negligent landlords: the ability to threaten foreclosure for outstanding City debt. The association between tax arrears and poor building conditions has been long known — a 1993 report from the Community Service Society noted that outstanding debt was a key indicator of physical building distress.[23] Our earlier research found that the pattern still held true three decades later; tax lien sale properties suffer greater physical distress than similar properties unaffected by the lien sale, measured by Class B & C Housing Maintenance Code violations issued by the Department of Housing Preservation & Development (HPD). This pattern remained true in 2025. Tax Class 2 rental properties eligible for the lien sale, excluding condo-miniums and cooperatives, averaged 1.3 open Class B & C violations per unit and those that had a lien sold averaged 2.1 open violations. For properties with liens sold on them, this is more than 7.5 times the average violation rate compared to buildings unaffected by the lien sale which averaged 0.27 violations per unit.

Building conditions were worse in majority Latine and majority Black community districts. Majority Latine districts had the highest rate of open Class B & C violations on properties with liens sold with 2.1 violations per unit. This is nearly 1.5 times higher than in majority white districts (Figure 3). Buildings with liens sold on them in majority Black districts averaged 0.5 more violations per unit than majority white districts. The pattern of racial disparity found in Tax Class 1 properties extends to Tax Class 2 rental properties: majority Black and Latine community districts bear the brunt of the City's system of debt collection compared to their white counterparts.

Figure 3: Average Housing Maintenance Code Violations by Community District and Tax Lien Sale Status[24]



Sources: NYC Dept. of Housing Preservation and Development; NYC Dept. of Finance; US Census Bureau, 2020 Decennial Census

Recommendations

Stop lien sales to investor-backed trusts until the replacement is operational. We urge the Mamdani Administration and City Council to commit to not conducting another lien sale in its current form, which prioritizes Wall Street investors at the expense of homeowners and tenants in communities of color.

As the new system is designed and implemented—with a land bank as buyer and enforcer of City liens—the Council and the administration must pay special attention to the vulnerabilities exacerbated by publicly posting the list of sale-eligible properties prior to a sale. In our experience doing outreach to New Yorkers who ended up on that list in 2025, their inclusion invited speculation and risked the loss of family wealth—a harm distinct from having municipal debt liens bought and enforced by an investor-backed Trust after the sale.[25] The Administration and City Council must also commit to ensuring that homeowners and tenants, and the advocates and organizers that support them, have the tools and resources necessary to address municipal arrears. To this end, we urge the City to:

Halt all lien sales until the replacement system is in place

The tax lien sale increases pressures on households in Black and Brown communities where the housing affordability crisis already threatens access to housing. Long-time homeowners and tenants in these communities should not continue to bear the burden of a racially unjust system that the City Council and Mayoral Administration agree must be replaced. The current pause and review of the sale is an important step. Holding another lien sale before the replacement system is fully functional will create unnecessary harm for people in communities already struggling to stay in the City. The 2025 sale demonstrated that reforms are not enough. Halting lien sales until the new system is in place must be paired with support for struggling property owners and tenants in these properties.

Provide funding for ongoing, year-round engagement with owners who have municipal arrears

Seasonal funding that is tied to the Lien Sale doesn't provide enough time for owners to address the situations they are facing. This may result in taking on additional, often high-cost, debt, displacement, and the loss of generational wealth. Direct outreach to owners and tenants is often necessary to reach people experiencing financial distress and the City must ensure that resources are provided to trusted community-based organizations (CBOs) and legal service providers who can assist them. Ongoing outreach can also help smaller landlords, who often provide 'naturally occurring affordable housing,' get in touch with organizations that can help them get out of debt and keep their tenants in place.

In 2025, the City Council allocated $2 million for lien sale outreach. To ensure sufficient resources are available for ongoing, year-round outreach, the Mamdani Administration and City Council must work together to provide increased funding to help property owners address their arrears.

Provide CBOs with information on at-risk properties on an ongoing basis

Providing CBOs with information on at-risk properties will allow them to intervene and mitigate ballooning debt that may put people's homes at risk. The information should also include contact information for owners who qualified for Easy Exit in 2025 and have a limited time to resolve debts, and those who have had liens sold and are now at risk of foreclosure.

Allocate funding for estate planning and dealing with probate issues

Issues related to title put inter-generational wealth and stable housing at risk, especially among working-class Black and Brown homeowners. The City must take this challenge seriously and provide the necessary resources to ensure homeowners and heirs do not lose what is often their most valuable source of wealth and financial stability.

Fund ongoing education about municipal arrears at the community-level by trusted CBOs

While funding for direct outreach can help owners and tenants already impacted by outstanding debt, community education can help prevent the problem in the first place. This will increase the likelihood that owners have the exemptions they are entitled to, help them identify other programs they may be eligible for, and introduce them to organizations that can assist them if they do encounter problems in the future.

Endnotes

1. NYC Comptroller, The New York City Tax Lien Sale: History and Impact (May 2012), https://comptroller.nyc.gov/wp-content/uploads/documents/NYC_TaxLienReport_v8.pdf; Tung, Irene. Financializing Urban Governance (2014), https://rucore.libraries.rutgers.edu/rutgers-lib/45508/, "the Dinkins administration, leery of the potential consequences of tax lien sales for residential properties, decided to borrow against uncollected tax receivables instead of selling tax liens. It was the first time in history that New York City had borrowed against delinquent property taxes. For fiscal year 1994, Chemical Bank lent the city $215 million at about 5 percent interest, according to City officials, taking $400 million in unpaid property-tax obligations as collateral. The Bank subsequently securitized the income stream it received from the liens. In this deal, the City still remained the tax collector and retained the right to foreclosure. While City Council opponents to tax lien sales and housing advocates preferred this form of borrowing to a tax lien sale, the plan was heavily criticized by fiscal monitors as borrowing against future revenue", p. 55.
2. Braconi, Frank P. "In Re In Rem: Innovation and Expediency in New York's Housing Policy" in *Housing and Community Development in New York City: Facing the Future* (Michael H. Schill, ed.), State University of New York Press, Albany (1999).
3. Tung, Irene. Financializing Urban Governance (2014), Ibid.
4. Mayor's Press Release: MAYOR DE BLASIO ANNOUNCES DELAY OF TAX LIEN SALE UNTIL SEPTEMBER 25, 2020 (Sept. 4, 2020), available at https://a860-gpp.nyc.gov/concern/nyc_government_publications/2514nn11s; in 2025, according to the Department of Finance, 85% of properties on the published 90-day sale list were removed before the sale occurred, but the Department does not share how many were removed due to sales under pressure or mortgages with unfair terms, New York City Department of Finance Testimony to the Committee on Finance (Nov. 13, 2025), Hearing Testimony 11/13/25.
5. Mayor's Press Release: MAYOR DE BLASIO ANNOUNCES DELAY OF TAX LIEN SALE UNTIL SEPTEMBER 25, 2020 (Sept. 4, 2020), https://a860-gpp.nyc.gov/concern/nyc_government_publications/2514nn11s.
6. Brenzel, Kathryn, "Cuomo Stops City's Tax Lien Sale Again. Will it Ever Happen?" *The Real Deal*, (December 3, 2021), https://therealdeal.com/new-york/2020/12/03/cuomo-stops-citys-tax-lien-sale-again-will-it-ever-happen/
7. City Council Finance Committee Hearing Report (June 30, 2024), Committee Report 6/18/24.
8. Zohran for New York City, "Stop the Squeeze on NYC Homeowners," (June 28, 2025), https://www.scribd.com/document/881837691/Homeowner-Policy-Memo-Mamdani
9. East New York Community Land Trust, "Research Brief: The Impact of the Tax Lien Sale on Rental Properties, 2017-2021" (March 2024), https://rpubs.com/jakobks13/tls_rental (rental buildings in the lien sale have significant housing code violations); tax lien sales have historically disproportionately hit communities of color, seniors, and lower-income homeowners, Coalition for Affordable Homes, "Unfair Deals: The Truth About NYC Tax Lien Sales," (2024), https://static1.squarespace.com/static/66030e92b5a3b450b27c4a04/t/660f1a4d0dd9694ac1479f22/1712265806869/CNYCN-Unfair+Deals-The+Truth+About+NYC+Tax+Liens+Sales.pdf.
10. Local Law 82 of 2024, https://intro.nyc/local-laws/2024-82.
11. The 2021 lien sale was an anomaly that reflected a one-year relief program for the COVID-19 pandemic that resulted in many fewer properties being included in the 90-day list, a larger proportion of those included having liens sold. No water debt was sold in 2021, East New York Community Land Trust, "Testimony to the New York City Council Committee on Finance for Introductions 570-2024, 1407-2025, 1411-2025, 1419-2025 and 1420-2025" (November 13, 2025), Hearing Testimony 11/13/25.
12. Zohran for New York City, "Stop the Squeeze on NYC Homeowners," (June 28, 2025), https://www.scribd.com/document/881837691/Homeowner-Policy-Memo-Mamdani.
13. Intro 570-A (to establish a land bank in New York City), Intro 1407 (requiring City Council approval for lien sales except to land banks starting in 2029), and Intro 1420 (requiring transfer of outstanding liens held by the 1998-2 Tax Lien Trust to a land bank within six months of its creation). These bills were vetoed on December 31, 2025, and the Council voted to override the vetoes on January 29, 2026; all three were passed with super majorities in the last Council session.
14. A similar pause for the three years took place in 2022-2024 yet the impact on delinquency was minimal. City Council Finance Committee Hearing Report (June 30, 2024), Committee Report 6/18/24.

15. Libman, Kimberly, Desiree Fields, and Susan Saegert. “Housing and Health: A Social Ecological Perspective on the US Foreclosure Crisis.” Housing, Theory and Society 29, no. 1 (2012): 1–24, https://doi.org/10.1080/14036096.2012.624881.
16. New York City Department of Finance, Preston Niblack, Commissioner, “Testimony to the New York City Council Committee on Finance for Introductions 570-2024, 1407-2025, 1411-2025, 1419-2025 and 1420-2025” (November 13, 2025), Hearing Testimony 11/13/25.
17. New York City Code § 11-412.3.
18. New York City Independent Budget Office, “New York City’s Tax Lien Sale: History, Outcomes, and Alternatives” (April 2026), https://www.ibo.nyc.gov/assets/ibo/downloads/pdf/taxes-and-other-revenues/2026/2026-april-nycs-tax-lien-sale.pdf
19. Coalition for Affordable Homes, “Testimony to the New York City Council Committee on Finance for Introductions 570-2024, 1407-2025, 1411-2025, 1419-2025 and 1420-2025” (November 13, 2025), Hearing Testimony 11/13/25.
20. Ibid.
21. Coalition for Affordable Homes, “Unfair Deals: The Truth About NYC Tax Lien Sales,” (2024), https://static1.squarespace.com/static/66030e92b5a3b450b27c4a04/t/660f1a4d0dd9694ac1479f22/1712265806869/CNYCN-Unfair+Deals-The+Truth+About+NYC+Tax+Liens+Sales.pdf; East New York Community Land Trust, “Research Brief: The Impact of the Tax Lien Sale on Rental Properties, 2017-2021” (March 2024), https://rpubs.com/jakobks13/tls_rental.
22. To determine the duration of ownership, we accessed property deeds for owners as of February 1, 2025 from New York City’s Automated City Register Information System (ACRIS). We then calculated the duration of ownership for each property from the date when the property was purchased through February 1, 2025. We excluded Staten Island because the Richmond County Clerk does not use ACRIS for recording property records (207 Staten Island Tax Class 1 properties had liens sold on them). We obtained complete deed information for 96.1% of the Tax Class 1 properties that had liens sold on them in the other four boroughs (1,868 out of 1,943 properties).
23. Bach, Victor, and Sherece West, “Housing on the Block: Disinvestment and Abandonment in New York City Neighborhoods,” Community Service Society, (1993).
24. Includes Class B & C Violations of the Housing Maintenance Code issued between February 1, 2022 and February 1, 2025. Excludes condominiums, cooperatives.
25. An alternative noticing system could utilize ACRIS for certain City liens, e.g. Int 0361-2026, and certified mail directly to owners whose liens are headed for a sale to the land bank, e.g. Int 0689-2026.