TAKEROOT
JUSTICE

Testimony Before the New York City Council Committee on Finance

November 13, 2025

Int 1407-2025 Limiting future sales of tax liens to land bank.
Int 1420-2025 Sale of interests in tax liens sold in the past to a land bank.
Int 1419-2025 Addressing chronically unresolved tax lien.s

Int 0570-2024 Creating a land bank.

My name is Paula Segal. I am speaking today as Senior Staff Attorney in the Equitable Neighborhoods practice of TakeRoot Justice. TakeRoot works with grassroots groups, neighborhood organizations and community coalitions to help make sure that people of color, immigrants, and other low-income residents who have built our city are not pushed out in the name of "progress."

We are a founding member of the Abolish the Tax Lien Sale Coalition. The Coalition advocates for the full abolition of the NYC lien sale for all properties in the City, and its replacement with systems that (1) preserve homeowners' and tenants' ability to stay in their homes, (2) promote racial equity, and (3) support community land trusts.

We are also member of the New York City Community Land Initiative (NYCCLI), an alliance of grassroots, affordable housing, environmental and economic justice organizations working to promote community land trusts (CLTs) and neighborhood-led development. NYCCLI members include over 20 CLTs organizing for deeply-affordable social housing, commercial and community spaces, and other needs in low-income Black and brown neighborhoods across the five boroughs.

For years, my team and I have been working on a parcel-by-parcel basis to achieve better outcomes for communities living near, tenants living in and owners of properties with municipal debts. We have filled out exemption forms, trained advocates on COVID exemptions and last year's novel "Easy Exit," removed the authority for liens to be sold while an exemption denial is pending appeal, spent hundreds of hours on the phone with Tax Payer Advocates and Ombudspersons, and have only chipped away at the edges of a broken system.[1]

[1] Although every lien not sold is a success, the numbers don't lie: in the 2025 lien sale, only 410 "Easy Exit" program forms were approved to remove owner-occupied properties with low income owners from the sale; over ten times as many properties had liens sold, 4,545.

Today, I am thrilled to see our work pay off and path forward that does not include any liens sold to investor-backed trusts.

As a reminder, lien sales to investor-backed trusts have, for the last quarter century, removed the City's power over tax delinquent properties and cost taxpayers at minimum hundreds of thousands of dollars, costs that accrued when liens had to be bought back from the trusts at prices much higher than the discounted amount the City sold them for, and when properties themselves had to be purchased from speculative buyers who acquired them at post-foreclosure auctions.

One community garden in the Bronx is an example of both kinds of costs: the garden. active since 1992, is located on two lots. The first is owned by a charity organization that had a lien sold due to a lapsed exemption and a City bill for a sidewalk repair; that lien, originally for a $51K debt in 2001, had to purchased by the City from the private trust for over $500K to avoid foreclosure and loss of the bulk of the garden.

The second parcel is owned by a privately-controlled LLC that was dissolved by the State but continued to own the property in name; no taxes were paid after dissolution and in 2019 the City sold a $35K lien to the lien Trust; five years later, the trust successfully foreclosed on the property and the debt had grown to $96K as a result of interest and fees (a windfall of over $60K to the trust investors and its servicers). Even though the Parks Department had expressed an interest in preserving the lot as a community garden, and the City had already paid to defect the lien on the first lot, and completed a Land Use Review Procedure to allow it to acquire it from the charity, City agencies could not stop the auction of the second half of the garden. A private investor purchased the property for $225K; the $96K in interest and fees were paid to the Trust, while the surplus cannot be claimed by the dissolved nominal owner. To preserve the remainder of the garden, the lot will need to be purchased for a negotiated price.

The costs associated with heroic City intervention to effectuate the preservation of one garden are an illustration of how rigid the tax lien foreclosure system is.

I want to applaud the Council and Finance Committee staff for their efforts towards abolishing Guiliani's lien sale and replacing it with an equitable system of municipal debt collection. The suggestions for improved bill language below are TakeRoot's; .

- We support Intro 1407 and 1420 which will end the lien sale as we know it and facilitate a land bank for NYC that can handle tax liens and municipal debt. This new publicly accountable entity will work with people to get out of debt and transfer properties to CLTs where that isn't possible.

- While we are very excited about the prospect of a land bank and support Intro 570A we have some changes that we would still like to see in the bill:
    - Add **affordable commercial space** to dispositions allowed without public review of the specific deal, § 25-905(a);
    - Ensure that one "affordable" unit in a building is not enough to avoid public review; in § 25-905(a)(1), require that **100% of the units in a housing project be affordable for it to be automatically eligible** to get land bank properties without additional

review;
- The definition of "affordable housing" in § 25-901 should be affordable to the local AMI using the boundaries of the community planning board, as opposed to a blanket 80% AMI applicable to the whole City and determined based on the federal standard for the New York City Metropolitan area; and
- CLTs should have a right of first refusal over any other prioritized entities.

- We broadly support Intro 1419, which addresses "chronically unresolved tax liens," but we strongly believe that reporting is not enough. The bill should be amended to affirmativelym require agencies to inspect all properties that appear on the list of properties with chronically unresolved tax liens (liens that are outstanding for 3 years or more), within six months of being notified that such liens exist on a property.

Thank you.

Feel free to contact me with any questions:

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