



THE COUNCIL OF THE CITY OF NEW YORK OFFICE OF COUNCIL MEMBER ALBERT VANN

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Council Passes Lien Sale Reform and Reauthorization Act

Bill will add comprehensive protections to help New Yorkers retain their homes

City Hall, NY – Today, the City Council unanimously approved the Lien Sale Reform and Reauthorization Act – sponsored by Council Member Al Vann – to provide significant protections for homeowners in its renewal of the Finance and Environment Protection Commissioners’ authorities to sell liens for unpaid property taxes and water and sewer charges. During the past several years as the economy has faltered and water rates have increased, homeowners have been squeezed and put at risk of having their liens sold to aggressive Wall Street-affiliated debt collectors and losing their homes. Many senior citizen, disabled and low-income homeowners have become caught in the city’s lien sale because of their inability to stay current on their water bills and property taxes, and/or because they are eligible but not enrolled in a property tax exemption program that would spare them from the lien sale.

“Homeownership is a major component of stability for many of our city’s families and neighborhoods,” **said Council Member Vann**. “This bill will provide many necessary protections for homeowners – both before and after a lien may be sold – and especially for our senior citizen, disabled, low-income and veteran homeowners. We must do all we can to protect the economic health of New Yorkers when possible and this bill ensures that our city agencies will take significant steps to protect homeowners, who like many New Yorkers are trying to withstand the current economic pressures.”

The legislation voted on today includes some of the following protections:

- 1) Increase the threshold for the sale of water and sewer liens for two and three-family homes from being in debt of \$1,000 for one year to \$2,000 for one year
- 2) Provides homeowners with a payment plan with the option of 0% down payment and 8 year repayment period to avoid having their lien sold
- 3) Codifies current notice practices to alert property owners that their property is listed in the lien sale with first-class mail at 90, 60, 30, and 10 days before lien sale, in addition to newspaper publication at 90 and 10 days before lien sale; bi-annual statements and all lien sale notifications to include 1) qualifying exemption information, 2) payment plan availability, 3) ombudsperson contact information, 4) lien sale process; statements and notices must be in Chinese, English, Korean, Russian, or Spanish if requested by owner or Department of Finance has reason to believe that is primary language
- 4) Requires extensive outreach by the Department of Finance to enroll homeowners in property tax exemption programs that would exempt them from a lien sale (mailings, telephone calls, and notice to

the City Council regarding status) and that the agency provides prompt assistance in completing exemption application upon request

- 5) Requires the city to buy back a lien from a servicer if a homeowner was found to be eligible for a property tax exemption that should have removed them from the lien sale up to 90 days following the lien sale
- 6) Adds an exemption for veterans who were deployed to theaters of combat and for disabled veterans
- 7) Reduces the post lien sale interest rate that lien servicers can charge from 18% to 9% on properties with assessed values up \$250,000
- 8) Requires lien servicers to itemize taxes, interest and fees on bills to homeowners and such fees must be reasonable and bona fide; legal fees must be customary (homeowners were receiving bills with no itemization and fees were unexplainable and often doubled the amount of debt owed in one year)
- 9) Requires the Department of Finance to provide the Council with certain data related to properties on the lien sale list within 30 days of sale

In addition, for the first time, the City will be authorized to sell liens on the basis of Emergency Repair Program (ERP) liens placed by the Department of Housing Preservation and Development (HPD), providing an important enforcement tool for HPD against negligent landlords. Beginning in 2012, the city will also be allowed to sell liens on Housing Development Fund Corporation rental buildings with a debt threshold of \$5,000 for two years.

In 2007, with the threat of a mid-year water rate increase, the City Council passed legislation that allowed the administration to sell liens on outstanding water debt for the first time, as the city's lien sale had previously only included stand-alone property tax debt. Council Member Vann, citing the foreclosure crisis and the deteriorating economic environment, was the lone member of the council to vote against that legislation. Following its passage and after hearing from housing advocacy organizations, Council Member Vann's Community Development Committee held several hearings examining the impact of the lien sale on homeowners. In 2009, Councilman Vann introduced legislation to reform the lien sale process with respect to water charges, and the legislation was reintroduced with the beginning of a new legislative session in 2010. The bill passed today with a vote of 49-0 and now must be signed into law by Mayor Bloomberg.

"Every so often government does great things to help those who really need it and our passage of this bill today is a prime example," **said Council Member Vann.** "I am proud of this Council."

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