



New York City Comptroller  
John C. Liu

NEWS RELEASE

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Contact: Matthew Sweeney, (212) 669-3747

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## **LIU: TAX LIEN SALE THREATENS HOMEOWNERS IN CITY’S MOST VULNERABLE NEIGHBORHOODS**

*Comptroller Reaches Out to Affected Homeowners in Advance of May 17 Deadline*

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NEW YORK, NY – City Comptroller John C. Liu today reached out to homeowners who may be affected by the City’s upcoming tax lien sale and encouraged them to take action by applying for an exemption or a payment plan by May 17. Unpaid taxes and other bills owed to the City may be sold by the Department of Finance or Department of Environmental Protection to private debt collectors, but the Comptroller pointed out that homeowners can avoid this if they act soon.

Comptroller Liu today also released a report that details how the City’s sale of overdue property bills to private investors functions. The report lists steps that homeowners can take to remove themselves from the sale list by May 17. The report also highlights those neighborhoods that are most affected by the lien sale. Finally, the report offers the City recommendations to strengthen protections for homeowners, including having the City proactively identify homeowners who are on the sale list but likely qualify for exemption. The report, “The New York City Tax Lien Sale: History and Impact,” is available for download: <http://www.comptroller.nyc.gov/>

“On May 17 time will run out for thousands of New Yorkers to protect their homes,” Comptroller Liu said. “We want homeowners to know that there are exemptions they are entitled to and we’re here to help, but they must act soon. The City’s tax lien sale unfortunately hits homeowners in some of our most vulnerable communities the hardest. There’s still time for them to take steps to protect their families and homes, and that’s why we’ve been getting the word out.”

“I encourage all homeowners on the lien sale list to take action before the May 17 deadline to avoid having their liens sold,” said Council Member Al Vann, the sponsor of the 2011 lien sale law to protect homeowners. “I applaud Comptroller Liu for his efforts to raise awareness of the protections provided to homeowners in last year’s legislation and further build upon them with additional recommendations.”

“The Northeast Bronx represents one of the largest concentrations of homeownership for African Americans and minorities throughout Bronx County,” said Council Member Larry Seabrook. “During these challenging times in accessing credit, we must increase our homeownership preservation efforts. Homeowners are stabilizing forces within our community and enhance the City’s economic base.”

“Last year the New York City Council passed important legislation that protects seniors and low income New Yorkers from losing their homes because of past due tax and water bills,” said

Meghan Faux, Deputy Director of South Brooklyn Legal Services. “Many of these homeowners have been in their homes for decades and cannot afford other safe, appropriate housing. Unfortunately, many homeowners are still unaware of these new protections and remain at risk of needlessly losing their homes. Increased education and outreach is vital to ensuring that the goals of the legislation are realized.”

“The tax and water liens that have been sold in past years have been disproportionately concentrated in communities of color in NYC — the same communities already hard hit by predatory lending and foreclosure, as well as unemployment, underemployment, and the other numerous effects of the recession,” said Josh Zinner, Co-Director of the Neighborhood Economic Development Advocacy Project (NEDAP). “The elderly have been particularly hard hit. It is critical for the City to get information about exemptions out to elderly and disabled homeowners to ensure that those who qualify for an exemption don’t have their liens sold.”

### **Who Is on Tax Lien Sale List?**

When property owners do not pay their property taxes, and/or their water, sewer, and other property-related charges, the City can file a legal claim for collection called a tax lien.

Homeowners of 1-3 family homes who owe property taxes totaling \$1,000 or more for a period of at least 3 years, and 2- and 3-family homeowners who owe \$2,000 in water and/or sewer charges for a period of one year or more can be included in the upcoming tax lien sale. Note that single family homes that owe only water and sewer charges will not be included in the sale, but may have their service terminated.

Currently, there are more than 10,000 properties on the City’s Lien Sale list for 2012, more than half of them are 1-3 family homes. They are heavily concentrated in the same neighborhoods that faced high rates of predatory lending and foreclosure in recent years. These are the communities hardest hit by the worst Recession since the Great Depression—areas like Central Brooklyn and Southeast Queens.

The Comptroller’s Community Action Center webpage has information on the Tax Lien Sale, advice on how to avoid it, and links to the Department of Finance’s list of Lien Sale properties and exemption applications: <http://www.comptroller.nyc.gov/bureaus/cac/tax-lien-sale.shtm>

### **How Does the Tax Lien Sale Work?**

The debts of thousands of property owners are bundled together and sold to private investors. The investment entity hires a servicer to collect the debt with interest and fees. The lien will be subject to a 5% surcharge, 9% interest, plus additional fees and charges. If the homeowner does not make the six month interest payment or pay the entire debt in one year, the servicer can begin foreclosure proceedings.

### **How Can Homeowners Protect Themselves?**

First, homeowners must find out if they are on the list by checking online with the Department of Finance: [http://www.nyc.gov/html/dof/html/property/property\\_bill\\_taxlien.shtml](http://www.nyc.gov/html/dof/html/property/property_bill_taxlien.shtml)

The first option homeowners have is to pay the charges in full.

Homeowners on the Tax Lien Sale list should also find out if they qualify for an exemption that will remove them from the sale. Fortunately, many New Yorkers are exempt, **but they must**

**apply for the exemption to the City's Department of Finance by May 17.** Senior citizens, disabled homeowners, active duty military personnel, veterans, and some others are exempt.

The Department of Finance has an exemption checklist here:  
[www.nyc.gov/html/dof/html/pdf/lien\\_sale/exemption\\_checklist.pdf](http://www.nyc.gov/html/dof/html/pdf/lien_sale/exemption_checklist.pdf)

Property owners who are not exempt can still arrange a payment plan with the Department of Finance or the Department of Environmental Protection, **but they must apply by May 17.** The terms are no money down, 9% interest (if the assessed property value is \$250,000 or lower) or 18% interest (if the assessed value is above \$250,000), and up to ten years to repay.

Payments and applications for exemptions or payment plans can be made at one of the Department of Finance's Business Centers. A list of their locations is on the agency's website here: [http://www.nyc.gov/html/dof/html/property/property\\_bill\\_taxlien.shtml](http://www.nyc.gov/html/dof/html/property/property_bill_taxlien.shtml)

The agency's Business Centers will stay open until 7:00PM from May 7 through May 17.

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