



## **Testimony to the New York City Council**

### **Re: The Unfair Impact of the Tax Lien Sale on Small Rental Property Owners**

**Date:** April 30, 2025

**Presented by:** Ann Korchak, Board President, Small Property Owners of NY

Good morning, Councilmember Nurse and members of the Tax Lien Sale Task Force. Thank you for the opportunity to speak today.

My name is Ann Korchak, and I'm the board president of SPONY - Small Property Owners of NY. We have hundreds of members throughout the city, and we own and operate nearly 6,000 units of housing. I'm here to speak about the deeply inequitable and counterproductive nature of New York City's tax lien sale program, particularly its impact on small rental property owners.

“City and state policies, fallout from the pandemic, and a dysfunctional housing court system have plunged our properties into economic distress. Hurling us into a lien sale – tantamount to a predatory, loan-sharking-type program – disproportionately harms small property owners of color, who are among the largest providers of naturally affordable housing, the four-family homes and rent-stabilized apartments in small walkup buildings in lower-income, multicultural, immigrant communities across the five boroughs.”

What other industry is expected to provide services indefinitely, with no guarantee of payment and no relief in sight? Without the ability to collect rent—and in many cases, never receiving ERAP funds or waiting years for housing court cases to be resolved—many owners have fallen into deep financial distress. Mounting unpaid rents meant we couldn't pay water and sewer bills or property taxes. The result? We're hit with crushing interest rates and debt levels that are impossible to recover from.

“The lien sale will push small property owners into deeper economic distress and risk furthering tenant displacement and loss of affordable units. Buildings become unmanageable under the weight of a city-imposed lien and the sale to private collectors at an interest rate that can be as high as 18%. This will inevitably result in foreclosure, neglect and, ultimately, abandonment – undermining stability and safety in black, brown and immigrant neighborhoods, and further shrinking already fragile affordable housing stock.”

While large corporate landlords can absorb financial shocks and navigate bureaucratic processes with ease, small owners often face steep challenges due to temporary hardships, illness, or gaps in communication with city agencies.

The consequences are devastating:

- **Loss of generational wealth** for families that have owned and operated buildings for decades.
- **Increased risk of tenant displacement**, as properties fall into the hands of speculative actors.
- **Erosion of community stability**, especially in Black, Brown, and immigrant neighborhoods.
- And **no pathway to redemption** that's accessible or humane for small property owners.

I urge the Council to support meaningful reform:

- End the sale of liens to private investors.
- Create a municipal debt resolution program with reasonable payment plans and legal support to small rental property owners who are impacted by the rental arrears when tenants are unable to pay
- Tax abatements for uncollected rent
- And reinvest in solutions that keep people in their homes—both tenants and owners, such as targeted emergency rental assistance programs, which can provide immediate relief to tenants. This would help tenants get back on their feet while ensuring that landlords receive the necessary support to keep their properties viable. Small rental owners can't house people for years without collecting rent, and currently, that is our reality, given the understaffed and slow-moving housing courts.

This isn't just about fairness—it's about preserving the diverse, working-class communities that make New York City strong.

Thank you.

STATS FROM OTDA WEBSITE

TOTAL APPS STATEWIDE (UNDUPLICATED)	405,605
TOTAL FROM NYC	297,021
% FROM NYC	73%
TOTAL APPS APPROVED AND PAID	310,474
TOTAL APPS NOT PAID	95,131
ASSUME 73% BELONG TO NYC APPLICANTS	69,446
AVG AWARD	\$12,000
UNCOLLECTED ERAP AWARDS	\$833,347,500

There were financial parameters that limited apps only to those who earned less than 80% of AMI. Thousands of apps were denied for tenants that exceeded this threshold but still had arrears. They experienced financial hardship but failed that test or were looking for a payout in a fraudulent scheme

HC has not been a solution b/c of its massive delays and HC judges that often give owners two choices: accept a lesser amount owed or get back possession and give up your ability to collect the rental arrears.

How long is a housing provider expected to house someone with out collecting rent; 3 months? 6 months? 12 months? I know people in housing court since before COVID. It's not uncommon for cases to last 2-3 years.

Our members have been forced into servitude. We provide a service, and without the ability to enforce our lease contracts in a reasonable amount of time, we are unreimbursed shelter providers.

There should be no property on that lien sale list that has a HC court case that has been open more than 9 months, or with an unpaid ERAP application.

The city needs to create an off-ramp for these owners too. They should be able to go the DOF and show evidence of the rental arrears attributable to unpaid ERAP or HC. Unpaid taxes equal to that amount should be forgiven

To ensure that small rental property owners dont loose their property to the soulless lien sale they should be given low interest rates to repay the balance after the tax forgiveness I've suggested

<https://www.osc.ny.gov/files/reports/osdc/pdf/report-5-2024.pdf>

The program closed in Jan 2023 with apps unpaid. Closing the door for relief for X# of landlords

<https://www.nydailynews.com/2020/11/04/end-tax-lien-sales-for-good/>

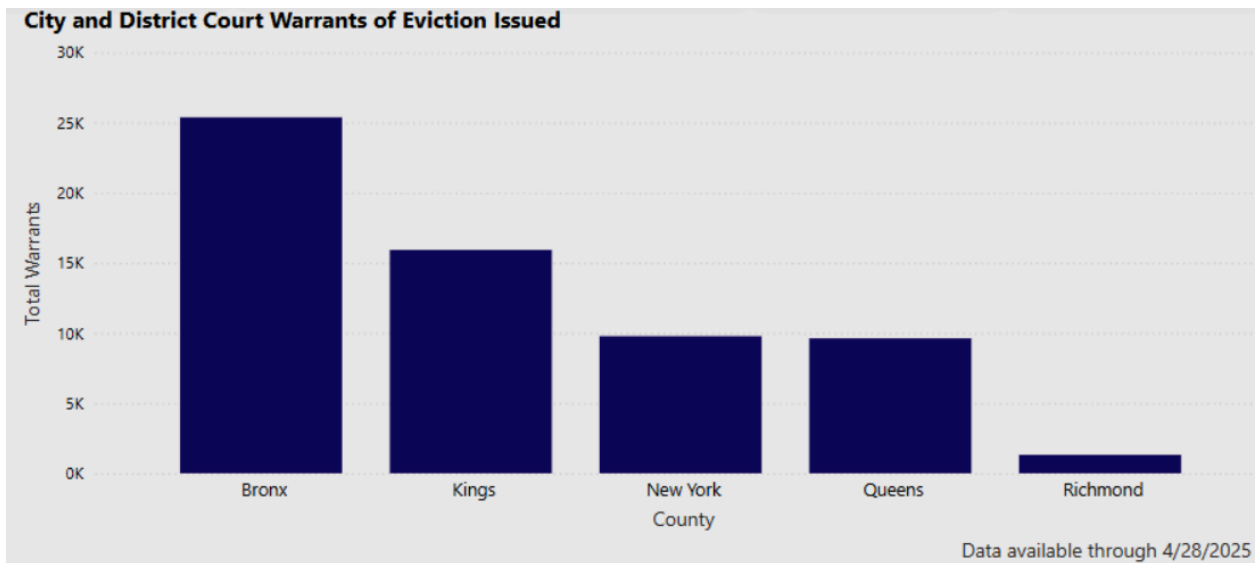
## HOUSING COURT NOTES

But between the NYS Unified Court System's dashboard and NYC eviction lab, I think what is most helpful to cite is that:

- the median claim has increased ~93% from pre pandemic values
- 22% of the claims are for more than 6 months rent
- and assuming cases take at least a year or more, there are over 62,000 cases concentrated heavily in Bronx and Brooklyn for non payment.

### From NYS Unified Court System

Non Payment Warrants of Evictions for NYC 2024- April 1, 2025



County	Total Warrants 2024- April 1, 2025
Bronx	25,390
Kings	15,932
New York	9,781
Queens	9,627
Richmond	1,319
<b>Total</b>	<b>62,049</b>

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### From Eviction Lab:

- Monthly eviction filings are down 72% in March 2025 from pre pandemic average
- As of April 1, 2025, there were 465,152 filings since March 15, 2020
  - Only 5,387 filings in March
  - 110,744 filings in the past year (down 51% from average)
- Changes in claim amounts continue to trend upward, with a **median claim of \$5780+** in th last month, compared to a \$3K average pre-pandemic (this is a **~93% increase!**)
  - **22% of the claims are for more than 6 months rent**