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**Gale A. Brewer, Borough President**

**Manhattan Borough President Gale A. Brewer  
Testimony on the Reauthorization of the New York City Tax Lien Sale Program  
New York City Council Committee on Finance  
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My name is Gale A Brewer and I am the Manhattan Borough President. Thank you to Chair Julissa Ferreras-Copeland and the members of the Council Finance Committee for the opportunity to testify on the reauthorization of the City's tax lien sale program.

I am focusing my remarks on the experiences of Manhattan's not-for-profit organizations as related to the tax lien sale program. While a member of the City Council and now as the Borough President, each year my staff and I review the tax lien sale list (provided by the dedicated Council Finance staff) and we are always dismayed to find scores of not-for-profit entities, including houses of worship, under threat of losing their buildings for non-payment of often hundreds of thousands of dollars of unpaid taxes. What is confounding is how the situation could become so dire, especially when many of these organizations are exempt from paying various taxes including real estate and fire prevention charges. They usually do not owe any money at all.

My staff and I contacted everyone on the tax lien sale list by phone, post, email – practically everything short of using carrier pigeons - to notify them of their status and to offer assistance. These calls were illuminating and frustrating. As you know, our city couldn't operate without the members of our not-for-profit and religious communities – many of whom are lean organizations where administrative responsibilities are managed by just a handful of staff or even a single staff member (or, in some cases, entirely by volunteers). Yet these organizations at the local level are a safety net for many New Yorkers. The Human Services Council represents not-for-profit organizations that serve those most in need, and was a vital partner, reaching out to their members.

The single most common response from organizations is that they didn't know they needed to electronically file their tax-exempt status each year with the Department of Finance (DOF) – even if there had been no change in their not-for-profit status. Of course, it is each not-for-profit's responsibility to know the laws that apply to them, and in this case to file with the DOF. It is my understanding that the DOF mails all not-for-profit organizations a letter which contains a user name and password to log in to the renewal system. Does this letter only go to not-for-profit that registered the previous year? Some of the organizations on the lien sale list said that they never received the notification, which may be due to inaccurate records or perhaps because they had missed the previous year's filings and didn't receive the notification while they proceeded to accrue tax debt for which they were actually not responsible.

Our office worked with the staff at the Department of Finance to renew the tax exempt status of those that had lapsed through administrative neglect and remove the erroneous charges from their accounts as well as to remove them from the lien sale list. DOF staff also helped send updated log in information to organizations whose user names and passwords had already expired.

Fordham Law students at the Lincoln Square Legal Services office discovered that 89 not-for-profits were unfairly roped into the 2016 tax lien sale. This could mean that 89 organizations are less able to serve those in need in New York City. There is a multiplier effect as to how many people this inaccurate information is hurting, yet it isn't the first year that this has happened. This coming fiscal year should be the last year, however, that this process is so ill-conceived. I support the expanded communication and outreach methods required in Intro 1385. There are also more fair and efficient ways for the government to discern when it should remove tax-exempt status from a property.

Instead of requiring that each not-for-profit file for the renewal of their tax-exempt status annually, the city should only require action from the not-for-profit when certain criteria are met that speak to a change in use of the property that would indicate a future for-profit use. For example, when the property is sold by the not-for-profit to an individual, LLC or any other type of legal entity, the Department of Finance should expect the new owner to certify that their use will be for the public good if they are to enjoy tax-exempt status for their property. Additionally, if a not-for-profit wishes to use their currently tax-exempted property in a for-profit way, such as market rate housing, that use will emerge in a filing at the Department of Buildings for a change in the Certificate of Occupancy or a permit for a new building or a significant alteration to an existing building.

This policy change will require information sharing between city agencies, and this could be done by streaming open data. The civic hacker community may even want to help build the city a proof-of-concept. The Department of Building's permit data is already in the open data portal. The Department of Finance already maintains its own database of property sales, but a sales records data set would be a welcome addition to the portal as well.

Thank you for taking up this important matter and I know we will continue to support our not-for-profit and religious communities.