



**Testimony to the New York City Council Committee on Finance  
December 9, 2020**

Good afternoon, Committee Chair Dromm and members of the Committee, and thank you for the opportunity to testify. My name is Julia Duranti-Martinez, and I am the Community Land Trust Campaign Coordinator at New Economy Project, an economic justice organization that works with community groups to build an economy that works for all, rooted in racial and gender justice, neighborhood equity, and ecological sustainability. New Economy Project has worked for more than 25 years to combat inequities in our financial system and economy, and to promote cooperative, community-led development. New Economy Project co-convenes the NYC Community Land Initiative, a coalition dedicated to expanding community land trusts and deeply-affordable, community-controlled housing and neighborhood development in NYC.

We urge the Council not to introduce legislation reauthorizing the tax lien sale, and work with community partners, including community land trusts (CLTs), to develop an alternative and equitable system to address property tax arrears and, when appropriate, property disposition. The City's practice of selling municipal debt to a private, investor-backed trust fuels speculation and displacement in Black and brown neighborhoods, siphoning wealth from communities disproportionately harmed by historic inequities like redlining and disinvestment, and now hardest hit by COVID-19. This reauthorization bill presents no meaningful changes to the lien sale. If enacted, the legislation would further compound financial distress for low-income homeowners, destabilize tenants, and accelerate displacement in the midst of a deadly pandemic that continues to devastate and deepen inequality in our city.

Eliminating the private, investor-backed tax lien trust from NYC's municipal debt collection toolkit will create opportunities to stabilize communities by (1) keeping homeowners in place and shielding them from deed theft and other scams, (2) intervening on behalf of tenants with delinquent landlords, and (3) expanding the pipeline of properties that can be used to preserve and develop new permanently affordable housing. As community-led nonprofits dedicated to the stewardship of land for permanently affordable housing and other critical community needs, community land trusts (CLTs) are ideally positioned to work with the City and other mission-driven, nonprofit developers to achieve these key goals.

The local CLT field has grown tremendously in recent years. More than 15 CLTs have organized across NYC, from the South and Northwest Bronx, East New York and Brownsville to Jackson Heights, Staten Island's North Shore, and other Black, Latinx, immigrant, and low-income neighborhoods. In addition to being among the hardest-hit by COVID-19<sup>1</sup>, these neighborhoods bear a disproportionate share of Class 1 tax lien sales. Additionally, and with support from the NYC Council CLT discretionary funding initiative launched in FY 2020, NYC CLT organizations have developed their capacity to acquire property. CLT

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<sup>1</sup> Afridi, L. & Block, L. (2020). [Frontline Communities Hit Hardest by COVID-19](#). Association of Neighborhood & Housing Development

groups have led intensive community organizing and education efforts, conducted participatory property research, developed local leadership of their CLT boards and steering committees, and secured technical and legal assistance. With the East Harlem El Barrio CLT's [recent acquisition](#) of four city-owned properties and the longstanding [Cooper Square CLT](#) on Manhattan's Lower East Side, NYC now has two successful examples of CLTs launched with city support and resources, including the transfer of properties that came into city ownership through the use of *in rem* foreclosure. As other CLTs prepare to acquire their first properties, the next stage of City support must include policymaking that channels properties to CLTs for long-term preservation and community stewardship. Developing responsible alternatives to the tax lien sale is a critical next step.

The ongoing economic devastation of COVID-19 will only exacerbate the devastating impacts of the lien sale on homeowners and tenants alike. With more and more tenants struggling to pay rent, multifamily building owners may accrue additional debt, and be pressured to sell to predatory buyers. In anticipation of a real estate downturn, private equity and other investors are already raising funds to purchase distressed properties<sup>2</sup>. The City must take swift action to promote the transfer of such properties to community stewardship, rather than to Wall Street and other speculative buyers. Ending the lien sale and disposing of foreclosed properties to CLTs and similar entities--along with passing and funding Community Opportunity to Purchase legislation ([Int. 1977-2020](#)) to give qualified nonprofits a right of first offer and a right of first refusal in multi-family residential building sales--are two policies that can work together to achieve this goal.

The tax lien sale is a missed opportunity to preserve land and housing for permanent public benefit when it is most sorely needed. We urge the Council not to introduce this bill, and to invest in proven, community-led institutions that stem evictions, foreclosures, and speculation in Black and brown neighborhoods, and contribute to a just recovery and racial equity in NYC.

Thank you again for the opportunity to testify. For more information or questions, please contact Julia Duranti-Martínez at New Economy Project ([julia@neweconomy NYC.org](mailto:julia@neweconomy NYC.org)).

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<sup>2</sup>Hornbach, C.; Mironova, O.; Stein, S.; and Udell, J. (2020). [Corporate Windfall or Social Housing Conversion? The looming mortgage crisis and the choices facing New York](#). Community Service Society.