



NEW YORK STATE SENATOR

Brian Kavanagh

60+ Elected Officials Call on Mayor to Save Taxi Drivers' Lives by Adding a City-Backed Guarantee to the Medallion Owner Debt Relief Program

BRIAN KAVANAGH October 13, 2021

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October 13, 2021

Mayor Bill de Blasio
City Hall
New York, NY 10007

Dear Mayor de Blasio,

In solidarity with the New York Taxi Workers Alliance and its 25,000 members, we call on New York City to add a city-backed guarantee to the Medallion Owner Debt Relief program.

The need for debt relief has been clear for years: yellow cab medallion owner-drivers are steeped in debt and poverty, exploited by predatory lending that the City allowed. As a city, we have both a moral obligation to solve this crisis and the resources to do so. Our failure to act will be a moral stain with grave consequences.

It is not hyperbole to say providing this debt relief is a matter of life and death. In the past few years, at least nine drivers have died by suicide. Of those drivers, a disproportionate number—three of the nine—were owner-drivers, despite the fact that they make up only two percent of the workforce. The stress of the debt is unbearable on owner-drivers and their families. They did not put themselves in this predicament; the City marketed medallions as a path to stability and the middle class. Drivers did all that was asked of them but, in return, they were taken advantage of: officials knowingly inflated the value of medallions, and the City made \$855 million in medallion sales—all on the backs of a workforce that is primarily immigrants of color. This, coupled with the unregulated influx of Lyft and Uber wiping out 36% of their revenue, has left thousands of owner-drivers with an average debt of \$550,000.⁴

On March 9, 2021, the City and the TLC announced a debt relief program: a proposal that offers owner-drivers up to \$20,000 to use in negotiations with their lenders to restructure

their debt. But based on the recently published TLC rules for the Medallion Owner Debt Relief program, thousands of owner-drivers who have an average debt of \$550,000 may at most have their debts reduced to a staggering \$330,000. This would leave drivers with an astronomical monthly mortgage of \$2,000. Owner-drivers will be consigned to earning poverty wages, stuck in life-long debt. This is unacceptable.

The city must supplement the current proposal by adding a city-backed guarantee. The New York Taxi Workers Alliance has developed a proposal that would require lenders to restructure to a set amount and terms designed to provide drivers with a manageable, maximum monthly payment of no more than \$800 a month. In exchange, the city would guarantee the restructured loan. In the event of a foreclosure, a lender would be obligated to make a good faith effort to resell the medallion for the highest market value. The city would only be liable for the guaranteed loan if there was a balance left on the loan following a sale.

In the highest-cost scenario—in which 4,000 loans are guaranteed at \$145,000, with a static resale value of \$75,000 for medallions—this plan is projected to cost an average \$3 million a year, for a total cost of \$93 million over thirty years. NYTWA's plan has been vetted by numerous experts; in addition to being found fiscally sound, it provides meaningful debt relief to owner-drivers while simultaneously ensuring that, if they do default, owner-drivers are no longer at risk of losing their home or having their wages garnished.

Yellow cab drivers have generated \$1.2 billion of funds for the MTA throughout the years, and the \$855 million the City raised through medallion sales have paid for vital services for all New Yorkers. We have all benefited from the hard work and sweat of owner-drivers.

Now, it is time to repay our debt to the drivers who keep our city running. The City has the resources to solve this crisis; we must heed our moral duty and do so. Adding a city

guarantee to the proposed program will protect owner-drivers against risk and will incentivize lenders to reduce the debt to a sustainable and manageable amount. Let us ensure that an essential and iconic New York industry not only survives, but provides a life of dignity and respect to the workers who make it possible.

Sincerely,

Zohran Mamdani
Assembly Member

Jessica Ramos
State Senator

Felicia Singh Shahana Hanif
Councilmember-Elect Councilmember-Elect

Shekar Krishnan
City Councilmember-Elect

Brain Barnwell
Assembly Member

Charles Barron
Assembly Member

Charles Braunstein
Assembly Member

Kenny Burgos
Assembly Member

Robert Carroll

Assembly Member

Michael Cusick

Assembly Member

Catalina Cruz

Assembly Member

Carmen De La Rosa

Assembly Member

Jeffrey Dinowitz

Assembly Member

Simcha Eichenstein

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Harvey Epstein

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Charles Fall

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Phara Souffrant Forrest

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Emily Gallagher
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Deborah Glick
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Jessica González-Rojas
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Leroy Comrie
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Michael Gianaris
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Andrew Gounardes
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City Councilmember-Elect

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Julie Menin

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Sandy Nurse

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