



October 25, 2018

Hon. Janet DiFiore
Chief Judge
New York State Court of Appeals
20 Eagle Street
Albany, New York 12207

Hon. Lawrence K. Marks
Chief Administrative Judge of the Courts
New York State Unified Court System
25 Beaver St.
New York, NY 10004

Mayor Bill de Blasio
City Hall
New York, NY 10007

Rick D. Chandler, P.E.
Commissioner
New York City Department of Buildings
280 Broadway
New York, NY 10007

Jacques Jiha, Ph.D.
Commissioner
New York City Department of Finance
1 Centre St., Rm. 500
New York, NY 10007

Maria Torres-Springer
Commissioner
N.Y.C. Dept. of Housing Preservation and
Development
100 Gold Street
New York, NY 10038

Dear Chief Judge DiFiore, Chief Administrative Judge Marks, Mayor de Blasio, Commissioner Chandler, Commissioner Jiha and Commissioner Torres-Springer:

We, the undersigned members of the New York State Black, Puerto Rican, Hispanic, and Asian Legislative Caucus, are writing with regard to New York City's current Third Party Transfer Program, and the bundle of 66 Brooklyn properties that were taken through *in rem* foreclosure proceedings and judgment in December 2017. **We are requesting a moratorium on the further transfer of ownership and imposition of third-party managers at each of the properties, and on the further implementation of the City's Third Party Transfer Program, until an investigation can be conducted to determine the following, at the very least:** (1) whether the actions taken by the New York City Department of Finance (DOF), the New York City Department of Housing Preservation and Development (HPD), and New York City Department of Buildings were in keeping with the letter and spirit of the City's 1996 Distressed Property laws and procedures; and (2) what is the actual impact of the City's program on working families and communities of color?

Relatedly, we believe it is important to determine at this juncture the extent to which the city's current Third Party Transfer initiative was implemented to fulfill a purpose other than that which was

intended by New York City Local Law No. 37, as adopted in 1996, and by the authority given by New York State to New York City to engage in *in rem* foreclosure proceedings in the prior decade. One fundamental question that comes to the fore is whether, or the extent to which, New York City's 2015 to 2018 transfers of ownership and management of 66 properties pursuant to the December 2017 Kings County judgment, utilizing its distressed property law proceedings, were within the boundaries of the purpose of these proceedings, or whether New York City overreached in its authority to employ the *in rem* foreclosure method to take title of the properties.

We are alarmed by the fact that the properties on this list in Kings County are located exclusively in rapidly gentrifying, Black and Brown communities such as Bedford Stuyvesant, Crown Heights, Brownsville, Bushwick and East New York; where displacement of working families and seniors from these communities is at an all-time high. Apparently, similar proceedings and judgments were embarked on by HPD and DOF in communities in Queens County and Bronx County. We, the members of the Black, Puerto Rican Hispanic and Asian Legislative Caucus represent the communities where these properties are located.

We were shocked to learn that not only were the 66 properties in Kings County moved swiftly through court proceedings in 2017 -- as a single package -- but that they did not all appear to be the dilapidated, abandoned buildings this process was intended to target in 1985 (when the *in rem* proceedings were first permitted for use by New York City), or in 1995 (when the *distressed property* laws and provisions were adopted). Also alarming is the fact that several property owners have spent months working to fulfill their financial obligations to the City, as the City's *distressed property* laws permit them to do (and some have even paid administrative fees and entered into installment agreements in place to preserve their ownership), without knowing or being informed by your agency especially that they no longer held their deed. **The lack of transparency around this process is troublesome.**

Most alarming is the fact that currently tenants at these properties are expressing confusion with the abrupt change in ownership and management of their buildings, and anxiety about being displaced from the affordable units in their communities. Many of these tenants and their families are long-term residents of our communities. We of course support the original intent of this program to protect tenants, by stabilizing buildings that are actually distressed and abandoned.

However, we believe that we are duty bound to ensure that the city's agencies are simultaneously advancing the related intent of the City law (that is, to preserve property ownership). The actions recently taken by HPD do not appear to be in line with this purpose. Homeownership is one of the few opportunities for communities of color to build intergenerational wealth, and regard for property ownership is a fundamental tenet of our State Constitution. **A single misstep in a program such as this is one too many when it can result in one of our constituents losing their home, and the families' equity and investment in such properties, unjustly or unfairly.**

These cases must thus be thoroughly investigated, and solutions developed that allow for continued ownership of the properties which the City designates as Class One and Class Two properties, by those individuals and families that have been the bedrock of our communities (especially those who have provided affordable tenancies to working families before our communities became attractive for "gentrification"). As an initial proposal, homeowners and Housing Development Fund Corporation (HDFC) cooperatives must be provided assistance with ongoing maintenance requirements and management support, rather than the taking of their title to their property and

divestment of their equity. Additionally, water and sewage charges should be decoupled from the foreclosure process so that no homeowner or co-op owner loses their property due to costs associated with utilities.

We respectfully request an immediate response to the issues raised in this letter.

Sincerely,



Senator Velmanette Montgomery



Senator Roxanne J. Persaud



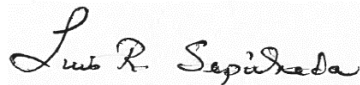
Senator Leroy Comrie



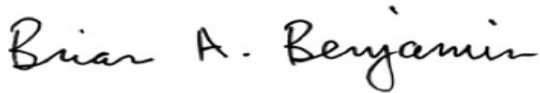
Senator Kevin S. Parker



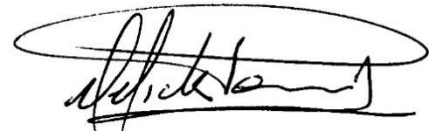
Senator Jamaal T. Bailey



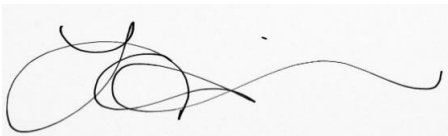
Senator Luis R. Sepulveda



Senator Brian A. Benjamin



Assemblyman N. Nick Perry



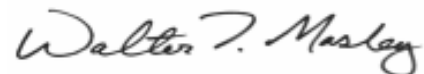
Assemblywoman Latrice M. Walker



Assemblywoman Tremaine Wright



Assemblywoman Diana C. Richardson



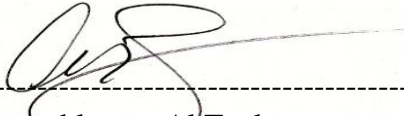
Assemblyman Walter T. Mosley



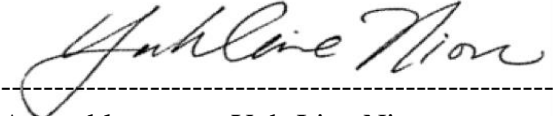
Assemblyman Charles Barron



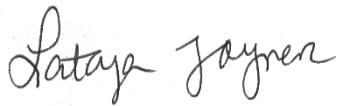
Assemblyman Victor M. Pichardo



Assemblyman Al Taylor



Assemblywoman Yuh-Line Niou



Assemblywoman Latoya Joyner



Assemblywoman Pamela J. Hunter



Assemblyman Eric Dilan

cc: New York City Public Advocate Letitia James
New York City Comptroller Scott M. Stringer
New York City Council Speaker Corey Johnson
Bronx Borough President Ruben Diaz Jr.
Brooklyn Borough President Eric L. Adams
Manhattan Borough President Gale A. Brewer
Queens Borough President Melinda R. Katz
Members of the New York City Council
New York State Foreclosure Defense Bar
Hon. Robert Jackson
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Zellnor Myrie
Jessica Ramos
Julia Salazar