



CITY OF MOUNT VERNON, N.Y.
OFFICE OF THE COMPTROLLER

Darren M. Morton, Ed.D., CPRP, CMFO
Comptroller

City Hall, One Roosevelt Square
Mount Vernon, NY, 10550
(914) 665-2303

August 2, 2024

The Honorable City Council
City Hall
1 Roosevelt Square
Mount Vernon, NY 10550

RE: COMP2024-10 – Request for Authorization to issue a Request for Proposal for “The Bulk Sale/Assignment of Delinquent Real Property Tax Liens and/or For Collection Services on the Delinquent Real Property Tax Liens”.

Honorable City Council Members:

As you know, the City of Mount Vernon has not initiated the In Rem Foreclosure Proceedings since 2014. In addition, there have been federal and state laws enacted that impact the cost effectiveness of executing an In Rem Foreclosure Procedure. Namely, the Tyler v. Hennepin County case, which was the United States Supreme Court case about government seizure of property for unpaid taxes, when the value of the property seized is greater than the tax debt. The Supreme Court held that the surplus value is protected by the Fifth Amendment's Takings Clause. The Court ruled that municipalities cannot sell properties they seize as a result of a tax lien and have any gains on the difference between the sales price and arrears.

Secondly, given the amount of time that has lapsed since the last In Rem procedure, and the numerous amount of properties in tax arrears over the last decade, it is prudent for the City of Mount Vernon to explore alternative options for recouping the tax arrears. This decision to execute the Tax Lien Sale provision outlined in the City Charter does not come easily and without concern. As I have reported on numerous occasions the current property tax indebtedness to the City (inclusive of County and School taxes and penalties) totals over \$50 million dollars.

Over the last two years, my office has assertively attempted to collect these tax arrears, and while there has been some success, much of the tax debt has remained unresolved. There have been some property owners who have responded with resolution and others who have requested payment plans. We will seek the City Council approval to execute the payment plans for these properties once the State authorizes the amendment to our Real Estate Property Tax Law 783. With regards to a selection of or all of the remainder of the outstanding tax liens, I request permission to issue this Request for Proposal

Pg. 2 - RFP for Bulk Sale/Assignment of Delinquent Real Property Tax Liens

for **Bulk Sale/Assignment of Delinquent Real Property Tax Liens and/or For Collection Services on the Delinquent Real Property Tax Liens**, which will be determined by recommended list in accordance with the Real Estate Property Tax Law.

Finally, a further rationale for seeking tax lien sale provision is supported by the lack of available cash reserves and the significant amount of liability facing the City, not to mention the pending liabilities that are under appeal currently. Because of the absence of these property taxes, that remain unpaid, the City is prohibited from effective capital improvement planning and investment management. Additionally, if the City does explore alternatives to the In Rem procedures, that yield more expeditious returns, we will be incurred additional debt when the two-year collection period for the 2020-2023 school taxes become due and owing to the Mount Vernon City School District.

Therefore, I strongly recommend we seek this provision, and you authorize the issuance of the Request for Proposal. If there are any questions, or concerns, please do not hesitate to contact me. Thanking you in advance for your assistance in this matter.

Respectfully,



Darren M. Morton, Ed.D., CPRP, CMFO
Comptroller
City of Mount Vernon
1 Roosevelt Sq.
Mount Vernon, NY 10550
dmorton@cmvny.com
914-665-2304

cc: Mayor Shawyn Patterson-Howard
Corporation Counsel
File