

WESTERN NEW YORK LAW CENTER, INC.

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Press Statement Regarding Policy Change to In Rem Auction

Representatives from the Western New York Law Center, Partnership for the Public Good, PUSH Buffalo and other community members, including former clients, will be speaking to the Buffalo Common Council Committee on Finance during their next meeting TOMORROW June 18, 2019 at 10:00 am to discuss the new procedure proposed by the City of Buffalo regarding the handling of tax delinquent properties at the In Rem auction. In a recently redacted report, The City of Buffalo's Department of Audit & Control stated they were anticipating \$4,700,000 collection from a change in the policy regarding the handling of tax delinquent properties at the In Rem Auction.

Currently, when a City of Buffalo tax foreclosure occurs, surplus funds, or extra equity above and beyond what is owed to the City, is kept with Erie County and New York State. A former homeowner may then apply for these funds. Under the City's proposed policy change, the City would take title and therefore keep all surplus funds from the home. The City then promises to return those surplus funds to good actors, leaving bad actors and lienholders empty handed. We believe that this proposal raises numerous constitutional issues, specifically an Informal Opinion from former Attorney General Louis J. Lefkowitz which states similar actions are deemed "unconstitutional". 1978 N.Y. Op. Atty. Gen. (Inf.) 258 (N.Y.A.G.). We believe that the City needs legislation defining who would be eligible to apply for the money and under what circumstances. Residents should also receive advance notice of the proposed policy change. The City needs an articulated strategy to deal with extra expenses of upkeep of new properties. Done incorrectly, this policy change combined with the upcoming tax reassessment may strip many city residents of their hard earned equity in their homes (especially the elderly and disabled on fixed incomes).

Joseph Keleman, Esq., Executive Director of the Western New York Law Center states "In the last five years, the Law Center has helped return over \$900,000 in surplus funds to homeowners who have lost their homes. These funds represent equity in homes that have built up over time, sometimes over generations. People have used these funds to start anew and help their families. We would like to make sure that these surplus funds remain available to the people who are justly entitled to them after debts to the City are paid."

We believe it is necessary for the public to have input on this policy change. We thank the Buffalo Common Council for giving us a forum to express our concerns and to give advice and guidance where we think prudent.