



September 24, 2021

NYC Taxi and Limousine Commission, Office of Legal Affairs
33 Beaver Street
New York, New York 10004

Written Testimony from Council Member Brad Lander to the Taxi and Limousine Commission regarding the Medallion Relief Program

Dear Taxi and Limousine Commissioners,

Thank you for the critical opportunity to comment on the Taxi and Limousine Commission's (TLC) proposed rules for its Medallion Relief Program, which seeks to address the urgent medallion debt crisis that has devastated the yellow taxi industry and resulted in the loss of too many drivers' livelihoods – and lives. Both financial relief and accountability are urgently needed in this sector to support these essential workers who are suffering as the result of market speculation, risky lending practices, and a lack of proper regulatory oversight across all levels of government.

The TLC Medallion Relief Program, reflected in these proposed rules, however, is unfortunately insufficient. While the program does reduce loan payments overall, it does not sufficiently correct for the severely inflated rates that too many medallion owner-drivers paid out as the result of the City's failure to proactively regulate the industry.

Further, it seems the City has prematurely moved ahead with the implementation of this program prior to the TLC's first public hearing on these proposed rules, which raises serious concerns around transparency, accountability and the TLC's adherence to the City Administrative Procedure Act or CAPA. While I understand and appreciate the urgency of this crisis, undermining the City's legally-mandated rulemaking and public input process only further erodes public trust in the TLC as a regulatory body. The decision by the TLC to prematurely start this program is all the more alarming given that medallion owner-drivers—the group most directly affected by this program and the TLC's historical regulatory failures—are staging a 24/7 protest outside of City Hall to express their dissatisfaction with the TLC's medallion relief proposal.

Misguided Metric for Debt Relief:

As has been extensively reported, the City of New York, and the TLC in particular, played a direct role in inflating the value of the medallion. Between 2002 and 2014, the value of the medallion went from

\$200,000 to almost a million dollars. The TLC called this manufactured inflation of the medallion a “major accomplishment” by the agency. The real victims of this “major accomplishment” were owner-drivers, a largely immigrant workforce, who believed the City when it advertised the medallion as a safe investment.

To correct these failures, the TLC is now proposing a plan that would provide drivers \$20,000, to be paid directly to their lender, to be used as down payments to restructure their loans. Instead of requiring lenders to restructure loans to market value of the medallion, the TLC asks lenders to reduce the loans between 10% and 40%. This means a medallion loan purchased in 2014 for \$850,000, the City’s opening bid for a medallion in 2014, would still yield a principal balance of \$510,000. Yet, according to the TLC’s own data, the average price of a medallion in July 2021 is approximately \$107,000. In other words, the TLC’s current plan would allow for an average loan balance that is still quadruple the current market value of the medallion. This means owner-drivers would continue to hold underwater mortgages and it simply a matter of time before they find themselves in the same financial predicament that they are currently in.

Undermining the Safeguards of the Rulemaking Process:

On September 18, 2021, the TLC Chair was quoted in a press release, which seems to suggest that TLC has already begun to roll out this program under the proposed rules, prior to a public hearing and vote by the TLC Board of Commissioners. Therefore, there is a serious question as to whether the TLC has the authority to unilaterally roll out this program without having completed the various steps required under the City Administrative Procedure Act or CAPA. By prematurely acting on these rules, the TLC sidesteps one of the most important functions of the rulemaking process: the public’s opportunity to make their voices heard through public comments and testimony.

The rulemaking process is supposed to serve as the official vehicle for the public, such as these drivers, to speak directly to their government to express their concerns and provide their input in governmental decision making. Yet, before receiving public testimony from these drivers, let alone considering their testimony as required under law, it appears that the TLC Commissioner has unilaterally made the decision without the benefit of the public comments or testimony. This makes a mockery of public participation in the rule making process and erodes public confidence in our government. Moreover, this unilateral decision is contrary to the TLC Chair’s expressed commitment during her confirmation hearing to “work hand and hand” with the City Council to provide “the financial relief” to medallion drivers. [16:14-19]

Add a City-Backed Guarantee for a Just and Durable Solution:

The TLC has an opportunity to bring a just and durable resolution to this financial and humanitarian crisis. I took the Chair at her word during her confirmation hearing when she said the City Council “absolutely have [her] commitment 100 percent ... work hand and hand ... to help advance the recommendations” that are in the City Council Medallion Task Force report. As it turns out, one of the first recommendations from the report is a city established loan guarantee fund. A City backed guarantee would provide stability in the industry and incentivize lenders to restructure medallion loans to terms and principal balances that are manageable debt amounts to medallion owner-drivers. I implore the TLC and the de Blasio administration take the necessary steps toward creating and financing a City backed guarantee, including the revision of these proposed rules. The City has a moral obligation to solve this medallion crisis once and for all.