



New York Taxi Workers Alliance

AFL-CIO, Int'l. Transport Workers' Federation

31-10 37th Avenue, Suite 300 LIC, New York 11101

Phone: **718-70-NYTWA (718-706-9892)** E-mail: MEDIA@NYTWA.ORG / www.nytwa.org

October 15, 2020

Honorable City Council Transportation Committee Chairman Ydanis Rodriguez
618 W. 177th Street, Ground Floor
New York, NY 10033

Dear Honorable Chairman Rodriguez and Members of the Transportation Committee,

Greetings. I submit this letter to you ahead of the Transportation Committee public hearing on Friday, October 16th at 2PM . The New York Taxi Workers Alliance has had a campaign for debt forgiveness since 2019 and in August and September of this year we held massive protests that shut down the Brooklyn and 59th Street Bridges to demand urgent action. [The video of our action](#) had over 3 million views on Twitter alone. We have had an outpouring of public support. Wherever our motorcade has travelled - from City Hall to Connecticut to New Jersey to Long Island, across the FDR and mid-town - we have received nothing but encouragement and solidarity from our neighbors. They know our struggle is just and righteous. We are fighting for the most basic survival after a crisis was hoisted upon us by the corruption and neglect of officials and the greed and manipulation of lenders and brokers. The only question that remains is, when will this city deliver us justice? We ask you, Chairman Rodriguez, and all members of the Transportation Committee, to allow this hearing to serve as the beginning toward that path of justice where the lives of 6,000 families can be reorganized with the dignity they deserve, and a 100-plus year sector – and the 20,000+ workers whose jobs depend on it - can be saved from extinction.

1. We call on you to ask the NYC Comptroller and the Office of Management and Budget to vet NYTWA's Debt Forgiveness proposal. Our proposal seeks to have the city (or federal or state entity) act as a backstop for loans that are restructured to \$125,000 and amortized over no more than 20 years with a monthly mortgage of \$757 per month (this would mean max 4% interest.) If, after 90 days of loan delinquency, the medallion is repossessed and submitted for a public auction, the city would place a minimum bid equal to the balance of the loan at 105%. If no one bids higher, only then is the city responsible for the purchase, after which it would be free to sell it at the market rate.

We have built a financial tool to assess the potential cost to the city for acting as a backstop. We identify the main factors for assessment: number of loans; probability of foreclosure; market value of medallion if the city has to purchase back foreclosed medallions and then resell them. Even in the highest risk scenario: 6,000 underwater loans, a foreclosure rate of 5% per year, and a static medallion market value of \$75,000, **the NET COST to the city as backstop under our proposal would be only \$75 Million over 20 years;** with \$60 Million over the first five years.

For context and comparison, as of February 2020, **the surplus in the Taxicab Improvement Fund had reached \$50 Million.** The cost of damages estimated by the New York State Attorney General in a notice of claim filed against the City of New York for defrauding medallion owners during 2002 to 2014 auctions was

for **\$850 Million**. While other backstop proposals have envisioned the city guaranteeing 20% on every individual loan, our proposal limits the city's exposure to \$125k loan balances that are manageable for borrowers and will be well collateralized when the medallion market stabilizes. Our proposal also spreads out any potential cost to the city over 20 years, with maximum cost over the first five years.

You can download [NYTWA's Proposal and Analysis of Risk to NYC Backstop for Medallion Debt Forgiveness¹](#) to access both the proposal and an interactive financial tool.

We ask you to call on the Comptroller and OMB to evaluate our risk model. Come back and tell us it's no good. But stop shutting us out and wishing the crisis away.

2. The resources of the Driver Resource Center (DRC) should be used to vet a systemic solution and build data for the city through surveys with every single medallion owner. The answer from the city to this massive and systemic crisis cannot be individualized bankruptcy counseling through the Driver Resource Center. It is disingenuous and manipulative of the city to funnel individual owner-drivers who are deep in crisis into individualized negotiations where they do not have the power to bargain for an outcome that will keep them out of poverty and a life sentence in debtor's prison.

Non-profit services that counsel tenants in matters of eviction will inform tenants about their right to tenants' strikes and even give referrals to tenant unions. When the city has funded pro bono legal services before, for example, for all tenants going through evictions, it was done to protect the tenant and to bring down the rate of evictions. Why should medallion owner-drivers and passive owners - individuals who the city knows have been close to financial ruin – be treated to any less protection? Why should owner-drivers who face eviction as tenants be equipped with legal protection and resources that are aimed at helping them keep their home, only to be treated as less deserving when they aim to fix the actual predicament that has led to the eviction and fight to keep their job and their investment?

3. The data which the city should collect from medallion owners or lenders, or both, can be easily captured. While only a fraction of medallion owners responded to the TLC's inquiry for data earlier in the year, the DRC, for example, could be deployed for phone banking to all medallion owners and complete the survey over the phone. For your reference, here is a [survey which NYTWA](#) is continuing to gather.

Of the 336 responses we have tabulated so far, 90% report active loans. 70% have been making payments in full, or a total of \$537,101.33 each month. 20% have not always been paying at the full amount, but they have been paying steadily. That is another \$176,000 per month. They were collectively making monthly payments of \$713,101.33 and paying off a collective debt of \$132,804,824.70. Our proposal to restructure loans to \$125,000 would guarantee lenders 31% of the balance that is currently on the backs of borrowers, whereas today, lenders have no guarantees that loans written down to even below the proposed \$125,000 will be paid off.

¹ In our [document](#), you will also find a comparison between our proposal and a restructured medallion loan rate of \$250,000. While our proposal would cost the city \$75M net over 20 years, restructuring the debt to \$250K, at the same assumptions, would be a net cost to the city of \$277M over 30 years. Our proposal is both more financially feasible for the city and a better deal for drivers.

Unlike the housing mortgage crisis, or even student or medical debt, the city is now in a position to contact each borrower and gather information vital to a systemic solution. In the mid-90's, the TLC used to require medallion owners to fill out a Financial Disclosure form, for example. It was mandated by regulation. Given the wide-spread news and concern across the medallion industry about the present debt crisis, the city could easily gather that information today. We have no doubt that failure to do so up to today is a reflection of a lack of political will, not a lack of reach. The City Council must require the data gathering and allocate resources as needed.

There is no time to waste.

Since yellow cab owner-drivers qualify only for Pandemic Unemployment Assistance, PUA, for self-employed, the majority would have received only a **\$182 weekly benefit**. Business meanwhile is nowhere close to "bouncing back." The **TSA reports national air travel to be at 26% of what it was this time last year**. In conversations with the Port Authority, we have learned that **in NYC airport taxi trips are down 90%** compared to 2019. The *Daily News* reported that the TLC found, "(w)hen New York became the epicenter of the outbreak **in April**, the amount of money yellow **cab drivers grossed** before expenses was down to **\$54 per day**, a decline of 70% from the \$176 per day they grossed in February."

<https://bit.ly/320h6Uv>

NYS unemployment, at 16%, is five percent higher than the rest of the country. NYC is at 20%. When others can't work, neither can drivers. Even before COVID-19, owner-drivers averaged \$25,000 in annual arrears as revenue had come down by 44% between 2011 and 2019. Many of the industries that drivers rely on are still shut down and many of the industry's regular consumer base is now working from home. Drivers don't have savings from this time. They have added debt.

Since July, we have been holding non-stop massive protests. We have shut down the Brooklyn Bridge & the 59th Street Bridge and took over Marblegate, Aspire, New York Community Bank, New York Credit Union Association and Mega Funding parking lots/buildings. We shut down Madison Avenue outside Medallion Financial and 31st Street outside PenFed Credit Union. Against the suffering of suicides, early deaths, despair, poverty and fatigue, [our members refuse to give up or give in](#). We ask you to stand with us: Call on the Comptroller and OMB to vet our proposal and risk model; ask the DRC to work on a systemic solution; require the collection of data on all medallion loans and provide resources toward the project if needed.

Respectfully Submitted:



Bhairavi Desai, Executive Director
New York Taxi Workers Alliance

CC: Honorable Council Member Mark Levine
Honorable Council Member Andrew Cohen
Honorable Council Member Fernando Cabrera
Honorable Council Member Ruben Diaz, Sr.
Honorable Council Member Peter Koo

Honorable Council Member I. Daneek Miller
Honorable Council Member Robert F. Holden
Honorable Council Member Donovan J. Richards
Honorable Council Member Stephen T. Levin
Honorable Council Member Antonio Reynoso
Honorable Council Member Carlos Menchaca
Honorable Council Member Chaim M. Deutsch
Honorable Council Member Deborah Rose