



September 14, 2020

Hon. Bill de Blasio  
Mayor, New York City  
City Hall  
New York, NY 10007

Dear Mayor de Blasio,

Earlier this year, the [New York City Council's Taxi Medallion Task Force](#) released its report on the ongoing financial crisis afflicting over-indebted taxi medallion owners.

The collapse of our City's Medallion market, properly understood, should and will be remembered as one of the greatest government failures in the history of New York City. The bankruptcies and foreclosures, the suffering and the suicides were not the consequences of market forces beyond the city's control. The humanitarian crisis is the product of a deregulated, overpriced, over-leveraged market for medallions Medallion that the City not only failed to regulate, but also helped to create through auctions, advertising and approvals of predatory transactions.

While the City is largely at fault for the current state of the taxi industry, The Council Task Force's findings offered a guiding light for how we can begin to address the taxi industry's crisis. Though that progress was halted along with our government, economy and way of life by the coronavirus pandemic, there is now an opportunity to change that.

As the City weighs various proposals to help the countless New Yorkers across every industry who are struggling, it is critical we remember that among those hit hardest by the current pandemic are the over 21,000 yellow and green taxi drivers – 95% of whom are immigrants – who were already fighting to stay afloat for years before coronavirus took hold of our City and economy.

The simple fact is, Independent owner-drivers who played by the rules set by the City are now enduring extraordinary financial hardships made even worse by the current coronavirus pandemic. After buying an asset because they had a guarantee from the City about its underlying value, our city failed these small business owners. Both the financial and human toll brought on by this crisis cannot be overstated.

It is clear that the coronavirus pandemic has exponentially exacerbated the financial problems that drivers faced before the outbreak, making this not just the perfect opportunity for the City to step up and take sweeping action to save the drivers and fix the industry, but the only viable option for saving the jobs and businesses of these drivers.

To that end, we are calling for the City to immediately establish a Medallion Asset Relief Program (MARP) to reset medallion values to \$250,000 for the 6,250 medallion owner-operators, or those who own and operate 20 medallions or fewer, through a government guarantee of every taxi medallion in NYC.

Right now, the average medallion loan is approximately \$500,000, but the average medallion value is less than \$150,000. By resetting these values to no less than \$250,000, which is a much more accurate value for a working business rather than a distressed one, this would instantly create millions of dollars in medallion values while also

giving owner-drivers the opportunity to restructure their loans at considerably more favorable rates.

By creating a City-supported backstop to cover missed payments by drivers, the interest rates on these loans would immediately go down, substantially lowering payments for drivers to a value far more consistent with what their businesses earn, leading to a lower fault rate.

A program such as this, modeled after the federal Home Affordable Refinance Program (HARP) – in this case, Medallion Affordable Refinance Program (MARP) – would cost the City as little as \$20 million to implement over the next five years while creating nearly \$1.4 billion in new equity value for medallion owner-driver's it would be helping

At a time when medallion owners struggle to refinance their loans at all, this program could help them do so at historically low rates. As a result, owners would be able to either pay off their loans quicker or at least spend less on interest until they do. Unfortunately, as coronavirus has brought both the economy and our government to a standstill, progress on implementing the Task Force's plan has completely halted. But now is not the time to wait. Now more than ever is the time to take action.

As the City works to create new programs to support small business owners and gig workers to weather the coronavirus storm, the City needs to take action on the Task Force's plan immediately. Taxi drivers need sound, structural reforms rather than quick, temporary assistance.

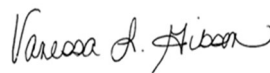
Sincerely,



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