

New York City Taxi and Limousine Commission: Office of Financial Stability

Annual Reports for
2021 & 2022



Taxi & Limousine Commission

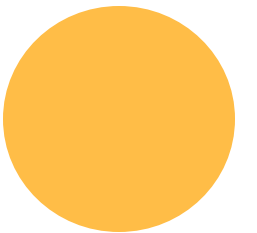




- 1,500 owners who benefitted from the Medallion Relief Program
- 1,705 Medallions Approved for the Medallion Relief Program
- \$335 Million in Debt Forgiveness
- 7,341 clients served by the Owner/Driver Resource Center

Purpose

- Local Law 111 of 2020 established the Office of Financial Stability to monitor and evaluate the economic health of the medallion industry. Starting in November 2021 and each year thereafter, the Office of Financial Stability will assess and create recommendations using key data points with the goals of strengthening and supporting medallion owners and drivers.
- The purpose of the Office of Financial Stability Annual Report is to provide an overview of the economic health of the medallion industry.



State of the Taxi Industry

- This report covers the state of the industry in 2021 and 2022 when New York City and much of the world was grappling with the COVID-19 Pandemic and striving to recover. The medallion sector was no exception and medallion owners, drivers, ridership, farebox earnings were all impacted during that time.
- Together with stakeholders, the NYC Taxi and Limousine Commission, introduced new initiatives to support small businesses and get taxis back out on the road.
- In December 2022, the Commission voted to increase the metered fare for the first time in ten years, giving that the increased metered rate of fare will result in an average increase in driver revenue of 33.3% and an average increase in passenger fares of 22.9%.
- In March 2021, the City announced the Medallion Relief Program and would provide grants of \$20,000 to help small business medallion owners restructure their loans with the lenders. Later that year, the Medallion Relief Loan Enhancement Program (MRP+) was introduced increasing grants to \$30,000 and providing a City-backed Loan Guaranty.
- Customers also returned and at the beginning of 2022, the number of taxis that completed at one trip was 6,664. By December 2022, taxis completed 7,809 trips.





Trips, Farebox and Recovery

- The fleet of 13,587 taxi medallions are owned and operated by a range of individuals, partnerships, and fleets. However, the fleet of active Taxi Medallions—i.e., the number of unique TLC-licensed Taxis that completed any trips in a given quarter— is often lower. Prior to COVID-19, in Q1 of 2020, there were 11,594 active medallions.
- At the peak of the pandemic in Q2 of 2020, there were only 3,670 active taxis on the road, a sharp decline of about 68% from the previous quarter. By the end of 2021, the working driver count was 9,614 and increased to 10,930 at the end of 2022.
- With the sudden decrease in demand for transportation during the pandemic, farebox earnings also decreased. By the end of 2021 farebox earnings averaged \$36,225 and increased to \$40,694 by the end of 2022, signaling an increased demand for taxis.
- In response to the decreased demand for transportation caused by COVID-19, many owners and fleets chose to place their medallions in temporary storage to save on operating costs. By the end of 2022, 5,229 remained in storage. The TLC introduced several initiatives to encourage owners to return their medallions to operations, however, some were reluctant to do so.

Trips & Farebox

	2020	2021	2022
Trip Count	24,649,092	30,904,309	39,941,050
Total Farebox Revenue	\$257,701,103	\$486,286,345	\$653,183,623
Average Farebox per Driver*	\$11,126	\$36,225	\$40,694

Medallion Storage: By the end of 2022, 5,229 remained in storage.

Average Farebox per Driver*: The average farebox is calculated using the fare amount + tips + extra. This calculation reflects all drivers.

Policy Initiatives

Taxi Fare Increase

- After 10 years without a raise, and with inflation and driver expenses putting pressure on driver and fleet revenue, TLC increased the taxi and street hail livery metered rate of fare in December of 2022, increased the flat fare between John F. Kennedy Airport and Manhattan, increased various surcharges paid to the driver including the rush hour, overnight, and Newark Airport surcharges, added a new LaGuardia Airport surcharge, and increased the Taxi Improvement Fund (TIF) and Street Hail Livery Improvement Fund (SHLIF) surcharges to ensure that those funds remain sustainable. TLC anticipates that the increased metered rate of fare will result in an average increase in driver revenue of 33.3% and an average increase in passenger fares of 22.9%.

Taxi Strategic Plan

- In January 2021, TLC convened a Taxi Advisory Group composed of industry stakeholders, including Drivers, Medallion Owners, agents, technology providers, and insurers. The Advisory Group met regularly to discuss issues, share information, inform policy, and ensure the continued strength of the Taxi sector. Meeting topics focused on technology and innovation; driver and passenger experience; the legal, regulatory, and financial environment; and enforcement authority and practices. Conversations with Advisory Group members were reflected in TLC's Taxi Strategic Plan, which was published in January 2022. TLC has already implemented many of the initiatives in the Strategic Plan and will continue to use the Plan as a guiding document for agency action going forward.

For more information visit:

https://www.nyc.gov/assets/tlc/downloads/pdf/annual_report_2022.pdf



New Medallion Programs

To support drivers and owners of medallion taxis, the TLC embarked on several key initiatives:

Owner/Driver Resource Center (O/DRC)

- Established in April 2020, the O/DRC offers medallion owners access to free legal services and provides TLC Drivers with access to financial counseling, driver protection services, and public benefit assistance.

Business Practices Accountability Unit (BPAU)

- This unit was created to protect increase transparency among brokers, agents, and related TLC businesses to enhance regulatory and operational compliance.

Office of Financial Stability Annual Medallion Owner Financial Disclosures

- Local law empowers the TLC to collect revenue, expense, and loan information that support day-to-day taxi operations.



Owner/Driver Resource Center (O/DRC)

- TLC's Owner/Driver Resource Center (the "ODRC") opened remotely during the pandemic in the spring of 2020.
- Among other resources, the O/DRC provides small business Medallion Owners access to free legal representatives to advise on business and medallion finances.
- This includes reviewing loan terms, renegotiating financing agreements, challenging debt collections or judgements, and filing for bankruptcy, if appropriate
- All drivers can access financial counseling to meet their short-term and long-term goals or seek assistance signing up for public benefits.
- O/DRC partnered with the New York Legal Assistance Group (NYLAG) and three other legal service organizations to support small business medallion owners.



**Owner/Driver
Resource
Center (O/DRC)
– Services
Provided**

	2020	2021	2022
Unique Drivers Served	951	2,179	1,602
Unique Owners Served	695	1,795	1,288
Most Popular Service	Legal Services	Legal Services	Legal Services

Business Protection and Accountability Unit (BPAU)



TLC formed the Business Practices Accountability Unit (“BPAU”) to improve transparency among Broker and Agent business practices.



Broker-provided loan disclosure statements enables TLC to closely monitor lending facilitated by Brokers. The Annual Disclosure form is used to promote Broker accountability and help ensure all parties involved in Broker-facilitated transactions are notified of any potential conflicts of interest the Broker might have in such transactions.



Reviews annual Broker and Agent Disclosures.



Many Medallion Owners will also hire Agents to operate Taxis on their behalf. Although the number fluctuates during the year, in 2022 there were 5,801 medallions managed by a TLC-Licensed Agent.



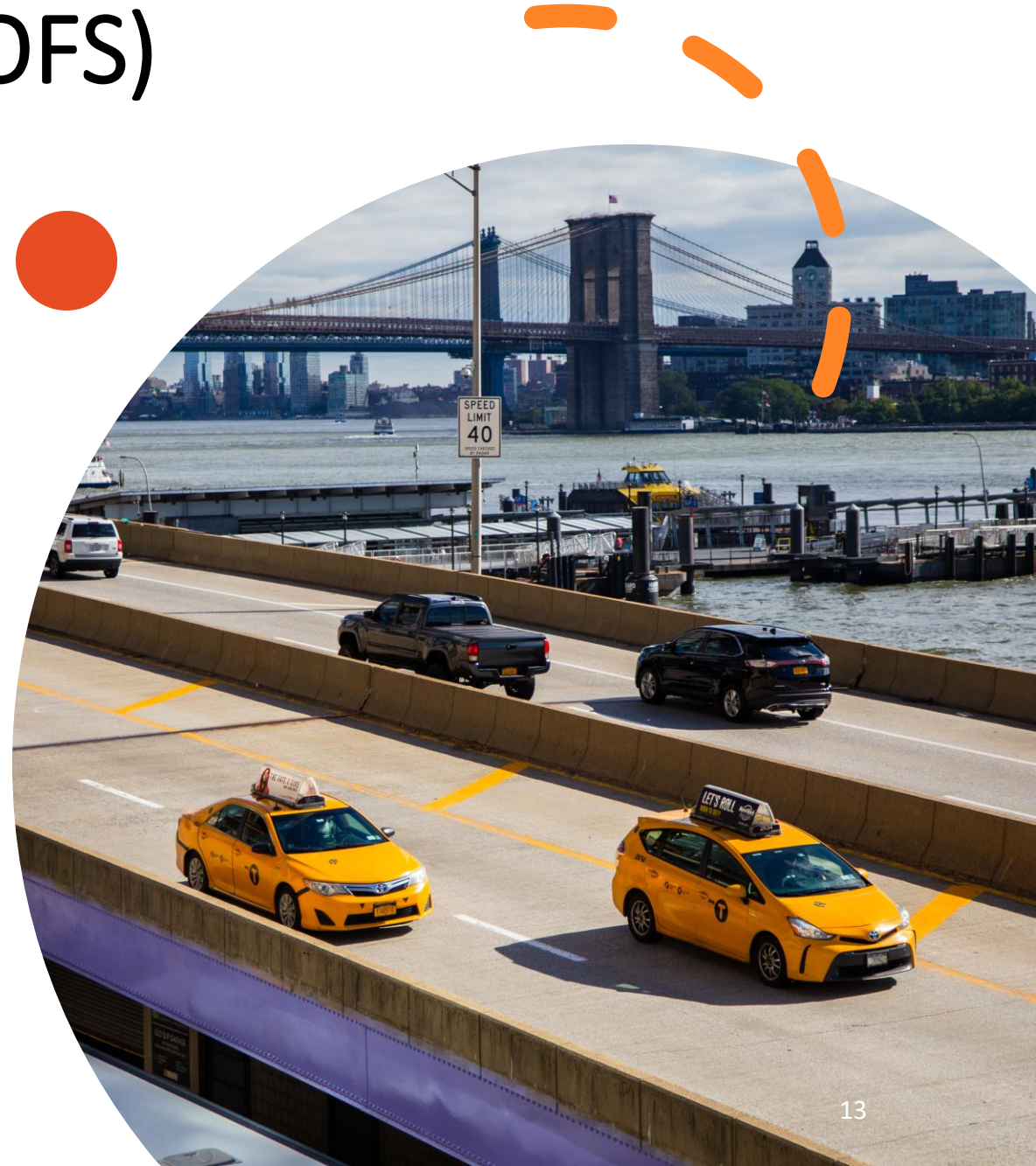
Reviews Broker-Facilitated Medallion Transfers required with every transfer transaction. To review previous Medallion Transfer Reports, visit: <https://www.nyc.gov/site/tlc/businesses/medallion-transfers.page>

Business Protection and Accountability Unit (BPAU) –
Agents, Brokers and Multiple Licenses

	2021	2022
Agents		
Number of Agents	43	37
Number of Medallions Managed by Agents	6,228	5,801
Brokers		
Number of Brokers	19	20
Number of Transfers	567	821
Number of Medallions	718	963
Number of Medallions with Financing	Not Available	271
Average Loan Amount	Not Available	\$141,163.56
Multiple Licenses		
Number of Entities with Broker and Agent Licenses	9	9

Office of Financial Stability (OFS)

- Local Law 111 directs TLC to explore topics related to monitoring and evaluating the economic health of the Taxi industry through the Office of Financial Stability.
- The Office is charged with reviewing the gross incomes and expenses of operating a Taxi medallion, common terms and conditions of medallion loans, financial disclosures from Medallion Owners, medallion bankruptcy proceedings, and potential market manipulation, speculation, and collusion in medallion transfers.
- Per local law, all medallion owners are required to submit financial disclosures statements annually and report gross incomes and expenses.
- The financial disclosure requirement went into effect in 2022 for calendar year 2021. The data submitted by many medallion owners in 2022 and in 2023 is not reliable at this time and TLC is continuing to refine the data collection process to get a deeper understanding of taxi economics.
- TLC is working on obtaining a comprehensive picture of the debt situation across all 13,587 taxi medallions. Working directly with medallion owners gives TLC the opportunity to gather personal financial data that is not publicly available.





Medallion Relief Program (MRP)

- To address the medallion debt challenges, the City secured \$65 million to provide much needed financial support and announced the Medallion Relief Program in March 2021.
- The goal of the MRP is to support the recovery of the yellow taxicab industry in New York City, which experienced a decline in trips and an increase in the number of medallions being placed into storage.
- In November of the same, MRP+ was announced and providing an additional loan enhancement program and City-secured loan guaranty.
- Medallion owners, advocates, and financial institutions partnered with city, state, and located elected officials to set up and establish an innovative debt relief program.
- In addition, TLC partnered with four law firms, including NYLAG, to represent medallion owners in negotiations with their lenders to restructure their debt.
- Medallion owners with six or fewer medallions are eligible to restructure their loans with participating lenders through grants of \$20,000-\$30,000.
- Pursuit and RESF were also engaged to manage grant administration and management.

MRP (Option 1)

- MRP 1 was designed to give individual Medallion Owners who have six or fewer medallions a critical tool to restructure loans, reduce principal on those loans, and lower monthly payments.
- In establishing eligibility criteria, TLC aimed to help as many small business medallion owners as possible. This includes Owner-Drivers, non-driving owners, and smaller corporate mini-fleet owners.
- Under MRP 1, eligible medallion owners may apply for grants of up to \$20,000 to help restructure their loans and lower monthly payments
- MRP 1 also required lenders to reduce the outstanding principal balance by 20% or more and offer a monthly payment of \$2,000 or less.
- Additionally, medallion owners who demonstrate additional and specific hardship after restructuring their loans were eligible for additional grants of up to \$9,000 to help support initial loan payments.
- More than 25 lenders are participating in MRP 1.

MRP+: Supplemental Loan Deficiency Guaranty

- After announcing MRP+ in November 2021, the program officially launched in September 2022 with the first participating lender.
- Under this agreement, lenders reduced the principal balance to \$170,000 or less and the City offered a \$30,000 grant towards restructuring the loan. Monthly payments were capped at \$1,234 per month.
- With MRP+, principal loan balances have been reduced to \$170,000 from balances as high as \$750,000.
- In addition, MRP+ provides a loan guaranty in the event medallion owners are unable to make their loan payments. Should this occur, medallion owners will not be subject to confessions of judgement or be at risk of losing their homes.
- Eight lenders are participating in MRP+.

MRP+ Launch Event



+

- Starting September 19, 2022, the TLC hosted a Medallion Relief Program (MRP+) multi-day closing event resulting in over 1,000 loans restructure in only five days.
- The TLC O/DRC collaborated with four law firms and participating lender, Marblegate Asset Management.
- Over 100 TLC staff worked tirelessly to support the event at TLC's Long Island City facility.
- In that week alone, TLC actively restructured loans every three to four minutes.
- By September 30, 2022, the Mayor announced that the MRP+ had provided over \$225 million of taxi medallion debt relief and counting.



Recommendations

- Study the impact of grants on participating drivers.
- Monitor rates of medallions in storage.
- Conduct outreach and training to improve compliance with the Annual Medallion Owner Financial Disclosure Statement requirement.
- NYLAG will continue offering free legal services, especially to those with lenders that are not participating in MRP or MRP+.

