

**Testimony of Aloysee Heredia Jarmoszuk**  
**Commissioner and Chair, New York City Taxi and Limousine Commission**  
**Before the City Council Committee on Transportation**  
**OVERSIGHT: TLC's Medallion Relief Program and Supporting the Black Car & Livery Sectors**

**October 8, 2021**

Good morning, Chair Rodriguez and members of the Transportation Committee. I am Aloysee Heredia Jarmoszuk, Commissioner and Chair of the New York City Taxi & Limousine Commission. Thank you for inviting me to speak with you about TLC's progress implementing the Medallion Relief Program (MRP), as well as our efforts to support the Black Car and Livery sectors.

**State of the Taxi Industry**

First, I would like to discuss the current state of our Taxi Industry, which has continued to gain strength as the City recovers from the COVID-19 pandemic. As you know, businesses and tourists are returning to New York City, and passenger demand for Taxi service is steadily increasing. For the week of September 26<sup>th</sup>, Taxis made 739,964 trips - a more than 1,300% increase from the week of April 5, 2020. During the same period of time in 2019 pre-pandemic, Taxis made around double number of trips, showing that there is still room for significant growth. In fact, there is more demand for TLC-licensed transportation than the current Taxi supply is meeting. Of the 13,587 licensed Yellow Taxis, approximately 6,600 are in storage, meaning they are not being operated on the streets. Of the Medallions held by Owner Drivers, the vast majority are on the road and providing passenger service. TLC is working with Owners to get Taxis out of storage and back on the road picking up passengers to meet the growing demand for service.

Importantly, the amount of money earned by Taxis consistently operating on the road has significantly increased and is approaching pre-pandemic levels. Last month, the average farebox earnings

for an active Yellow Taxi was \$7,080 per month, plus \$1,133 in tips. A year ago, it was less than half that. Taxis making over 25 trips a day are now bringing in an average of \$10,019 a month, plus \$1,710 in tips. Those are robust farebox earnings and indicate substantial recovery in the Yellow Taxi sector.

In addition to the growth in demand driven by the recovery, the pause on new For-Hire Vehicle licenses is also working to strengthen the Taxi Industry market share. Before the change in local law that empowered TLC to stop new For-Hire Vehicles from flooding our streets, more than 2,000 new cars went on the road every month, creating a race to the bottom for TLC-Licensed Drivers and worsening traffic congestion. Since the cap was successfully implemented, TLC has seen the attrition of approximately 25,000 For-Hire Vehicles. We anticipate additional attrition over time, which we believe will help achieve a more equitable balance across all segments of the Industry, including traditional livery and black car bases.

### **Medallion Debt**

While the Taxi sector is rebounding in tandem with our City's recovery, too many Taxi Medallion Owners have experienced financial distress. We are all aware that the industry has faced tragedy, technological change, disruption, and uncertainty over the past several years. The path of this reality was paved by those who did not act when market forces and bad actors took advantage of Owner-Drivers, and it pains me to see how ill-served they have been by a system that treated the medallion as a speculative asset. Today, a number of Taxi Owner-Drivers face unsustainable monthly loan payments. Solving this debt crisis is the single most important issue that we must resolve. Doing so will unlock our ability to take aggressive action to increase economic opportunity and quality of life for Medallion Owners.

TLC is working to determine the exact number of Medallion Owners who have debt, as well as to assess how much of this debt is unsustainable for each individual Owner. As you know, Local Law 111 of

2020 established the Office of Financial Stability to monitor and evaluate the financial stability of the medallion industry. Over the summer the TLC released a survey to Medallion Owners in an effort to meet the requirement that any person who has an interest in a medallion submit an annual financial disclosure. While these surveys are voluntary, they have given TLC the opportunity to gather personal data that is not publicly available.

As we continue to receive survey results, TLC can rely on financial information received from those participating in the MRP for data on the scope of Medallion debt. Since April of 2021, approximately 1,000 Medallion Owners have applied for the MRP. The 57 Medallion Owners who were approved to receive grant money as of October 4th had a median original debt of \$452,000, with monthly payments of \$2,500. Through the MRP, they were able to achieve a median average debt forgiveness of \$178,000, supported by monthly payments of \$1,600. These figures change daily as more loans are restructured. Through the distribution of MRP funds, TLC will have a data-driven assessment of the true extent of Medallion debt for individual Owners in New York City. Alleviating this debt is crucial to improving the health and longevity of the iconic New York City Yellow Taxi industry.

### **Medallion Relief Program Overview**

The TLC's Owner/Driver Resource Center opened remotely during the pandemic in Spring of 2020. Among other resources, the Center is a space where Owners and Drivers can access free financial counseling and legal services related to medallion debt. This includes help with reviewing loan terms, renegotiating financing agreements, challenging debt collections or judgements, and filing for bankruptcy, if appropriate. Lawyers from the New York Legal Assistance Group provide these free legal services at the Center.

Over a seven-month period after the Center opened, TLC learned that Medallion Owners working with the Center and with means for a down payment for refinancing were able to achieve improved loan

terms and better financial stability. TLC also learned that a number of Medallion Owners were unable to afford the down payment needed to refinance. During this time, TLC also engaged in numerous discussions about how to address the debt issue with industry stakeholders, including Medallion Owners, Drivers, advocates, attorneys, and financial experts.

Ultimately, the City secured \$65 million and Mayor de Blasio and the TLC announced the MRP on March 9, 2021. In the ensuing months, TLC published proposed rules outlining eligibility criteria for the MRP and held a public hearing and voted on the rules for the Program. Additionally, TLC embarked on a procurement process and signed a contract with Pursuit, a financial institution with rich experience with COVID-19 relief programs and lending to small businesses, in September to distribute grants under the Program.

The MRP is designed to give individual Medallion Owners who have 5 or fewer medallions a critical tool to restructure loans, reduce principal on those loans, and lower monthly payments. As previously noted, over 1,000 people have applied to participate in the MRP and are in various stages of debt restructuring. The Owner/Driver Resource Center is working with these Owners and approximately a dozen lenders to significantly reduce debt and loan payments.

The program provides a \$20,000 grant to all participants, to be used as a down payment to help restructure medallion-related loans. In effect, we are re-creating what we saw work for Owners when the Owner/Driver Resource Center was established. This \$20,000 can mean hundreds of thousands of dollars off loan principal. Through the multiplier effect of the grant payments, a \$65 million program can achieve as much as \$500 million in debt forgiveness. Some Medallion Owners will reach settlements, owing nothing, while others will attain over \$100,000 in debt forgiveness.

Furthermore, we are aware that the industry has not recovered to pre-pandemic levels, and Owners may still need assistance keeping up even with substantially reduced payments. To help, the City is providing participating Medallion Owners with an additional \$9,000 to cover loan payments. This

means that if a restructured loan has a monthly payment of \$1,600, a Medallion Owner's contribution, combined with the City's debt service assistance, will be approximately \$850 a month for the first year.

TLC's Medallion Relief Program offers an Owner/Driver-First model that is tailored to individual financial situations. It focuses on Owner/Drivers – not big fleets. And it takes into account the personal circumstances of each Medallion Owner through a client-centered and holistic approach. Unfortunately, a one-size-fits-all approach, even ones that sound good in theory, cannot adequately account for the different circumstances of Medallion Owners.

Additionally, the MRP allows the medallion to be valued based on the income it generates for Owners. Price fixing the Medallion value at an artificially low price, as has been suggested, treats the medallion as a speculative asset and deeply threatens its long-term value. We owe it to the hard-working Owner-Drivers who have invested in their medallion to restore this asset, rather than fix a set price, which could distort the market far into the future.

Furthermore, proposals that call for a “backstop” for all Medallion Owner debt for 30 years would mean New York City taxpayers are assuming all risk for all Borrowers and Lenders. This is true regardless of whether the Borrower is an individual Owner-Driver or a large fleet owned by a multi-million dollar corporation, or if the Lender is a large financial institution capable of covering its own losses or was one of the predatory lenders that exploited Medallion Owners in the first place. This is unworkable.

What is working is the MRP. As of Monday, October 4th, 57 Medallion Owners are approved for grants and will receive \$10.4 million in debt forgiveness. Furthermore, over 1,000 Medallion Owners and a dozen lenders are in various stages of working with the TLC Owner/Driver Resource Center to restructure loans and lower monthly payments. If the need is there, we anticipate being able to help over 2,200 Medallion Owners, and we hope to allocate all \$65 million in funding as soon as possible.

The Yellow Taxi is one of the most iconic symbols of New York City and a healthy Taxi Industry is critical to the City's recovery. We are heartened to see the industry showing a lot of strength, with trip volumes and farebox earnings rising substantially during the recovering from the COVID-19 pandemic. Beyond our work on the MRP, TLC has met with Owners, Drivers, and other Industry stakeholders to develop a Yellow Taxi Strategic Plan, outlining recommendations for innovation and growth for the sector going forward. And of course, the MRP is up and running now, and it is delivering the relief that hard-working Taxi Medallion Owners urgently need to achieve the financial health and stability they deserve. We owe it to them to ensure the medallions continue to be an important asset and an irreplaceable part of New York City's transportation network. The MRP does just that.

### **Overview of Black Car and Livery Sector Support**

In addition to TLC's work with the Yellow Taxis, we are also focused on supporting the Traditional Black Car and Livery sectors. A great conduit for us to identify best practices, new policies, and recommendations is through the Black Car and Livery Task Force, which you are a Member of, Chair Rodriguez. The Task Force began meeting in June after the last Member was appointed. As of today, the Task Force has two more scheduled meetings to discuss the recommendations that will be put forth in a public report. We hope to publish this report before the end of the year and look forward to continued collaboration with this Committee regarding implementation.

While those recommendations remain in development, we can share some preliminary themes that have come up during our meetings with the Task Force. These include issues related pre-arrangement and payment; educating licensees and car service bases; enhancing regulation for leasing companies; coordinating across sectors on insurance and workers compensation; the feasibility of internal and external advertising; increased use of wheelchair-accessible and battery-electric vehicles; and parity among the sectors, including with respect to inspections and vehicle retirement. The Task Force has also discussed unmet demand in the traditional black car and livery sectors, and the potential for new FHV

licenses to meet that need. We are reviewing this recommendation carefully, since we must ensure that the City does not lose the crucial gains we have made in reduced congestion, increased driver pay, and a more balanced number of vehicles across the sectors TLC regulates.

Beyond our work with the Task Force, TLC is conducting a Regulatory Review – a top-to-bottom review of all agency rules and regulations. We have received input from our Licensees to identify ways to modernize, strengthen, streamline, and otherwise improve and update our rules and policies. TLC will also hold a public hearing this fall to gather additional input for our review. As always, we welcome ideas from the City Council on how we can improve operations and best support our Licensees.

Thank you again for the opportunity to speak at today's hearing. I'm happy to take questions.